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## Near East/South Asia Report



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23 OCTOBER 1986

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REGIONAL AFFAIRS

BAHRAINI, SAUDI, QATARI DEFENSE MINISTERS ARRIVE IN DOHA

JN051811 Manama WAKH in Arabic 1716 GMT 5 Oct 86

[Text] Doha, 5 Oct (WAKH)--His Highness Shaykh Hamad ibn Isa Al Khalifah, Bahraini heir apparent and commander in chief of the Bahraini Defense Force, arrived in Doha from Salalah after participating in the GCC defense ministers meetings which ended in Muscat today. Arriving aboard the same plane were His Highness Prince Sultan ibn Abd al-Aziz, Saudi second deputy prime minister, minister of defense and aviation, and inspector general; and His Highness Shaykh Hamad ibn Khalifah Al Thani, Qatari heir apparent and defense minister. Qatari Amir His Highness Shaykh Khalifah ibn Hamad Al Thani led those who received their highnesses the defense ministers upon their arrival at Doha airport this evening. Senior civilian and military state officials also received them.

The Bahraini, Saudi, and Qatari defense ministers left Salalah earlier today after having the honor of meeting with His Majesty Sultan Qabus ibn Said of Oman.

In a statement before leaving Salalah, His Highness Shaykh Hamad ibn Isa Al Khalifah, Bahraini heir apparent and commander in chief of the Bahraini Defense Force, described the decisions issued by the GCC defense ministers meeting, which ended there this morning, as positive and fruitful. His highness expressed hope that these decisions will contribute to supporting military cooperation among the GCC states in a way that preserves the cultural gains of these states and conforms with circumstances being witnessed in our region. His Highness Shaykh Hamad hailed the sincere efforts exerted by the Omani officials to render the GCC defense ministers meeting a success, adding that these efforts have effectively contributed to rendering the meeting a success and to reaching positive and fruitful decisions.

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CSO: 4400/14

REGIONAL AFFAIRS

BRIEFS

QATARI, SAUDI DEFENSE MINISTERS IN MANAMA--Manama, 6 Oct (WAKH)--His Highness Shaykh Hamad ibn Khalifah Al Thani, Qatari heir apparent and defense minister, arrived in Manama this morning. His Highness Prince Sultan ibn 'Abd al-'Aziz, Saudi second deputy prime minister, minister of defense and aviation, and inspector general, arrived aboard the same plane. Their highnesses were welcomed upon arrival at Bahrain airport by His Highness Shaykh 'Isa ibn Slaman Al Khalifah, Amir of the State of Bahrain; His Highness Shaykh Khalifah ibn Salman Al Khalifah, the prime minister; His Highness Shaykh Hamad ibn 'Isa Al Khalifah, heir apparent and commander in chief of the Defense Force; senior state officials; and Dr Ghazi al-Qusaybi, Saudi ambassador to Bahrain. The Qatari heir apparent and Prince Sultan left Doha for Bahrain earlier today. They were seen off at the airport by Qatari Amir His Highness Shaykh Khalifah ibn Hamad Al Thani and senior Qatari officials. [Text] [Manama WAKH in Arabic 0900 GMT 2 Oct 86] /9599

CSO: 4400/14

EDITORIAL DISCUSSES STRONG RELATIONS WITH LIBYA

Algiers REVOLUTION AFRICAINE in French 5 Sep 86 p 17

[Article by L. Chaabouni: "Algeria-Libya: Relations That Are Enduring"]

[Text] The Arab world, and the Maghreb region in particular, are passing through a crucial phase in their history as a result of the aggressive plots of the Zionist entity and the overtly destabilizing policy preached by the Reagan administration. During the tenure of the new-type terrorism--elevated to the level of state policy--both of the hegemonic powers are using force and physical violence to oppose the development of the nationalist movement that has brought the Arab nation to the stage of its sovereign expression.

The attempts to liquidate the Palestinian cause, the savage bombing of Beirut, and the destruction of the Tammouz electric power plant are now accompanied by a genuine desire to take into the very heart of the Maghreb the war being waged against the peoples of the region. The burning memories of the barbarous raid orchestrated against the Tunisian capital--whose children were the privileged targets--are still fresh. Nor are the manifestations of this morbid hostility expected to cease very soon.

Although Arab disunity--facilitated by the complicity of the vassal regimes--is a bitter fact, it in no way follows that solidarity among the peoples of the region is totally absent. This solidarity does in fact exist among certain countries that are firmly committed to the defense of the ideals of the Arab nation--to the defense of its unitary principles and its independence. More than ever, the solidarity that binds the Algerian and Libyan peoples is both a requirement of history and a response to the exigencies of the moment. The two peoples have a common destiny, and their respective revolutions likewise have a common future.

This important aspect was pointed out by Chadli Bendjedid, president of the republic and general secretary of the FLN party, on the occasion of the celebration of the 17th anniversary of the 1 September revolution. In his message, which was addressed to the head of the Libyan state, President Chadli said in particular that "on this day, which reflects the efforts undertaken by the Libyan people in behalf of progress and prosperity, I wish to reaffirm to you Algeria's support for, and solidarity with, the fraternal people of Libya."

This active solidarity involves a broadly-based joint effort by both countries--an effort that has never ceased and is currently attested to by the many high-level visits made by both sides. Just recently Maj Khouildi Al-Hamidi, member of the command of the Jamahiriya revolution, met with Algerian officials; these meetings dealt with the evolution of the Maghreb situation in particular and the Arab world in general. This was followed by the participation of a large delegation--representing the party--in the festivities marking the 17th anniversary of the September revolution. The delegation was headed by Abdelghani, member of the political bureau and minister of state for the presidency, and further consisted of Bachir Khaldoun, director of information, community development, and culture, and Sadek Zouaten, chairman of the Committee for Friendship and Solidarity With the Peoples.

The Algerian delegation was greeted by Abdeslam Jaloud and held meetings with Abdallah Lahmar, deputy general secretary of the Syrian Ba'ath Party, and Mohamed Abdelaziz, general secretary of the Polisario Front. These meetings dealt with crucial Arab issues.

Algerian-Libyan solidarity is ratified in the form of deeds, as an historic response to all current threats. In essence, it forbids all circumstantial manifestations in the form of so-called agreements that have never served the cause of Arab unity. The unilateral abrogation of the Oujda Treaty--during the extended visit to Morocco of the Israeli prime minister--together with the institution of entry visas for all Arab countries except Jordan and Saudi Arabia are the most instructive examples.

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CSO: 4519/5



## STUDY OF FOREIGN WORK FORCE, EFFECTS OF ECONOMIC RECESSION

Paris MAGHREB-MACHREK in French Apr-May-Jun 86 pp 56-65

[Article by Gilbert Beauge, CEROAC/CNRS [National Center for Scientific Research] Aix-en-Provence, and Francois Burgat, CRESM/CNRS Aix-en-Provence: "The Question of Migrations in Libya"]

[Text] Between the beginning of August and the end of September 1985, 80,000 foreign workers were taken -- very frequently overnight -- to the border of the Libyan Arab Jamahiriya. These massive deportations took on particularly authoritarian and even brutal forms, with thousands of persons suddenly faced with the choice of having to adopt the "Arab" nationality or leave the national territory, usually without even being able to take along their real or liquid possessions legally acquired during their stay. (Footnote 1) (For a chronology of the Tunisian-Libyan crisis, see the periodical GRAND MAGHREB, No 42-43, 30 Sep 85, pp 357-358, and Francois Burgat, "The Tunisian-Libyan Crisis," in "Dossiers et Documents," MAGHREB-MACHREK, No 111, March 1986.)

In order to justify practices which, while not totally new on the regional level (one may recall that Algeria used the same measures vis-a-vis Morocco in 1970), nevertheless engendered a heated controversy between the nations involved, Libya would first of all resort to the shield of its rank-and-file people's congresses, declared to be the sole initiators and executors of the operation. More credibly, Tripoli would then recall that measures to reduce the foreign work force had long been planned and that various incentive measures, financial or other (reduction in transfer rates, nonrenewal of certain types of labor contracts, and so on), had already been implemented. (Footnote 2) (See below and MAGHREB-MACHREK, No 111, "Dossiers et Documents," "The Tunisian-Libyan Crisis.")

Six months later, pressure on foreign workers seemed to have been attenuated, but since a high number remained in Libya, the problem went unsolved. In order to try to ascertain its evolution, one must, here and elsewhere, put the episode of these deportations back into the economic, political and social context, on the one hand, and into the field of international relations as well.

As is true in similar cases, especially that of Libya, political motivations are closely associated with economic determinations. Actually, when analyzed, these deportations appear to reveal a profound crisis affecting the economic



structure as well as the Libyan political system. Problems related to the foreign work force are but one of the multiple facets.

### Political Objectives

It is probably not accidental that the date chosen to launch the first waves of deportations to Tunisia coincided, in that country, with a period of extreme social tension. For several months, in fact, feelings had run high between trade unions and a government that had increasing difficulty accepting the autonomy of Habib Achour's trade union confederation. By choosing that specific moment, the government in Tripoli could therefore not be unaware of the explosive effect its offensive would have. Likewise, regarding Egypt, the text of a dispatch from the official Libyan agency (JANA), dated 12 August and stressing to what extent "the return of Egyptian workers to Egypt constituted a danger to the government in power," leaves no room for doubt. Moreover, this is the same conclusion of a study completed by the CIA in August and mentioned by THE NEW YORK TIMES (Footnote 3) (THE NEW YORK TIMES, 6 October 1985), showing the importance attributed by authorities in Washington to the possible effects of such returns to Egypt's internal stability.

But the "message" of the deportations was not only addressed to neighboring regimes. The operation also enabled local society, hardest hit, to better understand just what is implied by the notion of self-sufficiency, which Mu'ammār Qadhafi has made the key word of his economic policy. The sudden departure of Tunisian, Egyptian, Mauritanian and even Syrian bakers, grocers, mechanics and blue- and white-collar workers constituted a real shock to the man in the street.

The government's message was twofold: Those who refused to believe that the reversal of the oil market would one day have an effect even on what their baker would have to sell would now realize that the time of material comfort was long gone and that they would have to suffer the consequences personally.

And yet, at the same time, all those who repeated that "they came to eat our bread" ("Libyans only," foreigners wishing to gain access to the shelves of a cooperative not as poorly stocked as the others would too frequently be told) would now measure the implications of the precipitous departure of this labor force for which national policy has not yet found any substitute. However, recalling the political environment of the deportations does not exhaust the inventory of the underlying motives for the measures, for which the Libyan regime certainly knew it would have to pay the price, if only in terms of a loss of credibility regarding its ritual incantations of unity. Actually, the deportations are part of a movement imposed on all Arab oil economies with the same force: that of a reversal in the terms of the oil market.

### Economic Causes

The decline on the oil market of the share controlled by OPEC countries reveals the precarious foundations of the near monopoly set up after 1974. It also exposes the contradictions and weaknesses of the social structures that were set up in each of the member countries and which the redistribution of

oil income had previously made it possible to conceal under the appearance of a "national" consensus. The collapse of the oil market forces one to outline an internal reorganization depending, first of all, on the administration of vanishing resources. However, at the same time, the lines of this new management depend on the structures set up during a previous period and their varying ability to adapt to the terms of the current crisis.

For Libya, this reversal of the trend brings up three major problems: that of the success of industrial diversification plans aimed at reducing oil dependency; that of the new forms of dependency with regard to the supply on the world market; and finally, that of the capacity for adaptation of social structures accompanying these evolutions. (Footnote 4) (F. Burgat, "The Structure of the Crisis," in *L'economie libyenne*," CERMAC, Louvain-la-Neuve, to be published (in English)) Each of these aspects designates possible points of breakdown on which the future of the Libyan Jamahiriya depends. We shall consider here only those directly related to the evolution of the labor market and migratory movement.

## Features of Libyan Development and Role of Foreign Labor

### Cycle of Oil Exports

We know the preponderant role played by the regime in Tripoli, from the time it came to power in 1969 until 1974, in the instigation and subsequent expansion of the crisis that was to lead to the spiraling price of oil products. The oil-producing countries' reappropriation of that decisive fraction of surplus profits would be at the root of the profound transformations of the 1970's. (Footnote 5) (The fraction of income appropriated by each of the producer countries is but part of the international oil surplus.) Between 1970 and 1979, the average revenue per Libyan barrel rose 13 times (from .9 Libyan dinar to 11.7) (Footnote 6) (1 Libyan dinar = \$3.09 in November 1985), and this evolution combined a nearly constant drop in volumes exported with a corresponding increase in income. Throughout this period, the surplus in the trade balance rose steadily (from \$1.7 to \$9.7 million), despite a parallel increase in the volume and value of imports, and oil represented an average of 99 percent of foreign receipts. This considerable contribution of wealth, coming from the tapping of value produced on the international scale, would be at the root of development plans aimed at a diversification of domestic activities. In 1980, receipts from the marketing of crude amounted to \$22.1 billion and the portion devoted to development expenses represented over a third of the sum.

### Development Plans and Diversification

By 1974, the Libyan regime would have to face two basic problems that were actually one and the same: that of internal development and the investment of the fraction of income reappropriated; and that of the social structures likely to implement the type of development sought. These two aspects are linked, but in a contradictory fashion. On the one hand, the very way in which the government was set up implies that it preserves the social relationships previous to the reappropriation of income, but those relations block the

emergence of activities oriented toward the search for profit. Constituted on the basis of social relations that are quite largely "precapitalist" -- meaning previous to the emergence of wage earners, as the dominant social relationship -- the Libyan state saw its cohesion depending both on the interplay of polysegmentary clan solidarities and on the volume of unproductive redistributions it carried out aimed at civilian society. Second, the international conditions of the reproduction of the state imply, in medium-range terms, a destructuration of these relations and passage from a profit economy to an economy based on the encounter between labor and capital. Actually, to reduce dependency on oil exports alone, it is necessary to create the conditions for incomes mainly based on putting the national population to work.

This contradiction is common to all oil-producing Arab countries but, compared with the monarchies in the Gulf, the Libyan situation is both identical and original. It is identical in the sense that the international environment which, for each of the countries belonging to OPEC, determines the fraction of reappropriated income is the same for all. (Footnote 7) (G. Beauge, "The Role of the State in Migrations of Workers and the Economic 'Diversification' of the Countries of the Arab Peninsula," *TIERS MONDE*, Vol XXVI, No 103, Jul-Sep 85, pp 597-620) It is original in the sense that the interplay of international alliances and the internal conditions of the transformation of revenue into capital are different for each of the countries. With respect to the Libyan case, the country does not have possibilities of international financial recycling comparable to that of the Gulf countries, which poses the problem of the capacity for internal absorption of capital much more acutely. This undoubtedly explains why putting the national population to work in Libya is much more essential and is accomplished by more radical methods.

It is probably correct to view the Tripoli regime's way of relying on certain factions of the army -- recruiting preserved old bonds of clan allegiance, while supplying the essential administrative staffing -- but also its way of redistributing to entire segments of the "national" population the benefits of revenue as the effects of a strategy aimed at creating the conditions for a "primitive accumulation," without nevertheless compromising internal balances too radically.

But a contradictory design appears in the development strategy. As in most of the oil economies of the Gulf, it is conducted by the state machinery, which resorts to massive numbers of foreign firms and labor. Nevertheless, it would have effects out of all proportion to what has been observed in other producer countries: From 1970 to 1980, development programs absorbed between 40 and 80 percent of all oil revenue (Footnote 8) (Ghanem, Shukri, "Oil Industry and the Libyan Economy: Past, Present and the Likely Future," in "*Cahiers du CERMAC*," No 33, 1985, p 32) and, between 1974 and 1983, the share of oil in the GNP went from 92 to 60 percent. (Footnote 9) (*QUARTERLY ECONOMIC REVIEW OF LIBYA*, No 1, 1986) By way of comparison and for the same period of time, the share of oil in the Saudi GNP dropped from 83 percent to a little under 70, not counting revenue from financial assets invested abroad, which for 1984 represent as much as oil revenue.

However, one must note that, in Libya as in the Gulf countries, it is the sectors of construction, commerce and public services that benefited from development, much more than agriculture or the manufacturing industry. These are consumer and service economies in which the sectors of import substitutes and industry have not yet acquired the importance which development plans wanted to assign to them.

Table 1. Distribution of the GNP, Excluding Oil, by Sector of Activity  
1975, 1980 and 1985 (1979 Prices)

<u>Economic Sector</u>	<u>1975</u>	<u>1980</u>	<u>1985</u>
Agriculture and fishing	5.3	4.4	4.9
Mining and quarries	1.3	1.2	1.1
Manufacturing industry (processing)	3.6	6.7	11.5
Construction	35.0	27.8	26.0
Gas and electricity	0.9	1.4	2.2
Commerce, restaurant, hotel trade	13.1	11.9	11.0
Transport, communications	10.1	8.8	8.5
Finance	5.9	6.3	6.8
Public service	23.2	29.9	26.6
Other services	1.6	1.6	1.4
Total	100.0	100.0	100.0

Source: 1975 and 1980: Second 5-Year Plan, Secretariat of Planning, Tripoli  
1985: Estimates

Development was obtained by an active policy of international calls for bids, an intensification of equipment and common consumer goods imports, but also by massive use of foreign labor in all sectors of activity, with the exception, perhaps, of the government sector, which remained a privileged hiring sector for national labor. Between 1970 and 1982, while the overall population increased 1.6 times and rose from 2 to over 3 million inhabitants, the active population rose 2.7 times and went from some 450,000 to over 1.2 million. This growth is mainly due to foreign employment, whose proportion in the overall active population went at the same time from 11 to nearly 50 percent, while the rate of activity of the national population remained stationary at around 20 percent, merely following the "natural" demographic progression. From this standpoint, one can say that the development process set off by the new liquid assets procured by oil revenue had no effect on putting the national population to work and was mainly "borne" by the foreign workers (see Table 2 [below]).

Essentially, these workers are from Egypt and Tunisia, but between 1975 and 1983, one can observe a diversification of recruiting by nationality. This diversification is largely linked to the diversification of international contracts negotiated by the Libyan regime, but it is especially linked to an intensification of development programs, as well as to the new forms of managing the labor force by international capital, particularly Asian capital. The latter turns increasingly to the negotiation of contract packages, implying importing the labor needed for the scheduled working period, based on the "work camp" system (see Table 3 [below]).

Table 2. Distribution of Active Population by Sector and Nationality  
1975, 1980 and 1985 (in thousands)

Economic Sector	1975			1980			1986*		
	Lib.	For.	Tot.	Lib.	For.	Tot.	Lib.	For.	Tot.
Agriculture	115	18	133	130	23	153	115	45	160
Oil and gas	7	3	10	9	4	13	9	3	12
Mining and quarries	4	3	7	5	4	9	5	4	9
Processing industries	19	14	33	33	25	58	33	35	68
Electricity and water	9	13	13	14	6	20	17	7	24
Construction	35	118	153	43	130	173	45	291	336
Commerce	40	8	48	40	3	43	45	4	49
Transport	47	6	53	60	12	72	59	22	81
Finance	6	2	8	7	3	10	8	3	11
Administration	169	49	218	191	70	261	240	90	330
Total	454	233	677	532	280**	812	576	504	1,078

Source: Secretariat of Planning, Tripoli, 1984

\* Estimates of authors based on data for 1984 assuming a proportionate reduction in activity in all sectors.

\*\* The apparent contradiction with figures carried over to Table 3 probably stems from the fact that inactive persons were not taken into account here.

Table 3. Distribution of Migrant Workers by National Origin, 1975 and 1980

Native Country	1975 <sup>1</sup>	1980 <sup>2</sup>
Egypt	148,000	180,000
Tunisia	35,000	45,000
Other Arab countries	41,000	70,000
Asian countries	5,000	10,000
Western countries	7,000	30,000
Others	25,000	30,000
Total	261,000	365,000

Sources: <sup>1</sup> Ministry of Planning and Scientific Research, Statistics on work permits, Tripoli, 1976

<sup>2</sup> Burgat, F., and Monastiri, T., "Libyan Chronical," in ANNUAIRE DE L'AFRIQUE DU NORD, Paris/Aix-en-Provence, CNRS, 1982.

Throughout this period, one will note a growing distortion between needs induced by the "development" process and the inability of the Libyan system to create a domestic market for wages. On the one hand, the domestic market is fed by investment income spending, while on the other, wages are massively oriented toward the outside through transfers brought about by immigration. As long as the rate of income remained sufficiently high to cover the cost of



importing labor into the country, rather than put the national population to work, the system only continued to develop. It was when the level of income began to drop (1981) that the double problem arose of a reduction in the volume of investments and consequently, the overall level of employment and, within that overall decline, that of the replacement of foreign by national labor.

### Clear Cuts in Development Budgets

Starting in 1982, the reversal of the oil market would bring the type of development chosen by Libya into question. Between 1981 and 1984, export receipts fell by half (to under \$10 billion in 1984) and leveled off at around \$8 billion in 1985, corresponding to production now amounting to some 1 million barrels a day (officially 890,000), a large share of which is included in bartering agreements, mainly with the Soviet Union. Since 1982, the development budget has undergone steady declines that took it from 2.74 billion Libyan dinars in 1982 to 1.7 billion in 1985. Libyan authorities had to give up their ambitious 5-year plan for 1980-1985, retaining but the main scope and effecting a drastic reduction in the goals set. The 1985 budget, finally passed by the people's congresses during their March sessions, is down 19 percent for development spending and 17 percent for administrative expenses, compared with the previous year. Major projects, sometimes already underway, are blocked, such as the Misurata steel mill, the Zwera aluminum plant or the Ras Lanuf petrochemical complex. Imports have been reduced, the ministerial budgets are strictly controlled and their allocation reveals major delays. Credit is strictly monitored by the Central Bank and reserves, which in 1984 amounted to \$3.5 billion compared with \$11 billion in 1980, according to Central Bank figures, have been heavily drawn upon. Between 1984 and 1985, nearly 350 contracts with foreign firms were canceled or postponed and foreign companies are experiencing increasing difficulty in obtaining payment. According to Western diplomatic sources, Libya is substantially in arrears with nearly all the foreign companies operating within its territory. (Footnote 10) (MARCHES TROPICAUX ET MEDITERRANEENS, 6 Sep 85) Many foreign entrepreneurs are ready to turn away from a market whose current difficulties have made it less attractive than in the past. Simultaneously, a devaluation of the dinar is being seriously considered. Such a dizzying increase in available revenue (1974-1981), followed by an equally impressive decline, could not fail to create considerable problems. It is within such a context that one has to view the new orientations of the labor market.

### Effects on Labor Market

The August 1985 deportations were preceded by numerous signs that indicated quite clearly the new orientations of Libyan policy. Preceded by violent press campaigns tending to emphasize the disadvantages of a massive foreign presence, the process of getting rid of immigrant labor began in early 1983 with the passage of two orders (407 and 408 of 10 June 1983, in LE JOURNAL OFFICIEL, No 35), providing for nonrenewal of foreigners' contracts in nearly all the posts they had occupied in the administration and Libyan public enterprises (see below).

Table 3a. Distribution of Immigrant Labor by Nationality (October 1984)

<u>Native Country</u>	<u>Active</u>	<u>Inactive</u>
Egypt	139,151	38,622
Tunisia	91,684	6,243
Syria	20,883	1,018
Sudan	11,727	1,547
Palestine	6,499	5,182
Jordan	5,544	2,875
Morocco	5,288	435
Lebanon	2,979	1,066
Other Arab Countries	6,012	952
Total Arab Countries	289,727	57,940
Ghana	1,141	155
Chad	2,055	1,424
Mali	1,247	81
Other African Countries	2,185	1,101
Total Africa	6,628	2,761
Pakistan	17,460	1,326
Turkey	53,401	890
Korea	19,197	399
India	18,152	761
China	1,984	220
Thailand	12,265	51
Philippines	6,903	158
Bangladesh	4,735	526
Other Asian Countries	2,082	131
Total Asia	136,179	4,462
Great Britain	9,409	1,802
Italy	15,290	418
France	2,054	792
Malta	1,621	382
Greece	1,539	653
Spain	1,110	29
Germany	4,572	1,268
Ireland	937	105
Portugal	1,956	25
Other European Countries	2,638	814
Total Europe	41,126	6,288
Czechoslovakia	3,057	570
USSR	4,882	1,799
Bulgaria	8,203	802
Hungary	1,668	44
Poland	8,993	856
Romania	23,599	192
Yugoslavia	15,801	458
Total East Europe	66,208	4,721

(Table 3a, Cont.)

United States	2,627	332
Canada	1,213	246
Cuba	336	47
Other American Countries	364	144
Total Americas	4,540	769
General Total	544,408	76,941

Source: Med Ellafi, "The Development of Foreign Labor and Its Dangers to the Local and Regional Scene," seminar on "Colonialism and the Vacuum," Benghazi, February 1986, 41 pp.

In addition to these provisions, a systematic policy of lowering the rates of authorized transfers has been followed for nearly 2 years. The total of such transfers was an estimated \$1 billion a year a few years ago. Reduced to 50 percent of the wage received at the beginning of 1984, the rate might be cut further. This measure particularly effects Arab workers for whom a maximum of 300 Libyan dinars a year per person was set. The outright cancellation of this right is even being considered by some Libyan officials, with foreigners being asked to bring their families into the country, after acquiring the Libyan Arab nationality. (Footnote 11) (See translation of the Libyan Nationality Code published in MAGHREB-MACHREK, No 111, pp 110 and following.) The Libyan regime is evidently pursuing two additional objectives: reducing the overall volume of immigration and encouraging "settlement" immigration, meaning of families and permanent, for the foreign Arab fraction it cannot do without. Finally, according to Western bank sources, foreign workers in Libya could not make any transfers during the first half of 1985. While the situation of Western workers is getting worse, that of the Africans, Arabs and Asians seems dramatic: Many firms have filed their balance sheets and the situation of Turkish workers, for example, led the Red Crescent to send several tons of food last year to help 650 immigrants who had not received wages for several months.

With respect to management personnel, statements of intention recently completed the set of provisions. Libyan engineers belonging to a professional association made the spectacular pledge, in February 1985, not to call upon their foreign colleagues any longer. However, it was quite certainly the general trend in the field that produced the most noteworthy effects. For the London periodical IQTISAD WA A'MAL, the stagnation of production curves in agriculture for nearly 2 years is not unrelated to the forced departure of many groups of immigrant workers whose contracts were not renewed.

At the same time, measures were taken tending to gradually substitute national for foreign labor. At the heart of this provision is a reduction in the number of jobs in local administrations, which must get rid of part of their personnel, even Libyan, within 2 years. The measure will not have decisive effects on immigration, to the extent that foreigners scarcely make up over 30 percent of all administrative jobs, but it is significant of a state of mind and a general trend. The maximum number of administrative jobs is now limited for



municipal people's committees and surplus jobs are now affected (little information is available on how) in the "production sector." Here and elsewhere, systematic observations are lacking and they alone would make it possible to evaluate the effect -- and probably the limitations -- of a policy that appears to be too deliberate not to encounter numerous and substantial obstacles in its application. Such obstacles are not solely related to the problems of skills available locally -- obstacles difficult to get around -- but especially the nature of social relations hindering the emergence of a "free" work force. They also have to do with the way in which these relations are mirrored in the very operation of the government apparatus. The closing in 1981 of private businesses and their replacement by state stores, but above all, Colonel Qadhafi's recent remarks about the need to question the privileges of "the new bourgeois city dwellers...who take their profits but do not produce" and who are asked to give up their privileges to "producers" alone (Footnote 12) (speech on the occasion of the 15th anniversary of the September Revolution, 1 September 1984), augur ill of the flexibility with which this particularly delicate aspect of reorganization is taken into account at the highest level of political responsibility. However, more generally, since the fall of 1985, there has been an observable decline in the application of this policy. The deportations have partially been compensated for by the recruitment of several thousand Sudanese and 40,000 Moroccans following the Treaty of Arab-African Union.

What the August and September deportations finally come down to is knowing whether the Libyan national population will take over the jobs left vacant by immigrant workers and, if so, to what extent and under what conditions. It is not very likely that the substitution will take place with respect to certain types of skills or jobs. In agriculture and construction, it is highly unlikely that the regime will succeed in utilizing, under conditions compatible with a resumption of profitmaking, citizens used to relative prosperity, without substantially challenging the status of vast segments of society which had previously given him their support. More generally, and if the analysis we propose is correct, it is unlikely that the social gains stemming from a reorientation toward the national space of the goods and wages market (and the proposals for a "forced" naturalization, which appear to be a "substitute" for the deportation decisions, seem to run along the same lines) can compensate for the costs stemming from an increase in basic remunerations, inevitable given the prospect of any "productive" work by the national population. To succeed, the Libyan regime should both take measures aimed at creating a "free" labor market -- meaning a mobilization founded on the impoverishment of broad segments of the local population -- and compensating for the relative weakening of its social base through a strengthening of the interplay of clan solidarities relating to the exercise of power.

One is tempted to consider that the experiment of "Jamahirization" could have been conducted much more easily because the country was evolving in a situation of extreme economic abundance and the petrodollars then played a major role in the formation and continuation of the relative political consensus that prevailed during that period of accelerated change. But in the turmoil now besetting the Libyan economy and the realities exposed by the rapid disappearance of resources linked to oil, the government can no longer be the unlimited provider it has previously been. If it cannot then be "bought," the minimum

political consensus needed to pursue the Jamahiriyan experiment will then have to be either "negotiated" or imposed.

The oil recession could then force the regime into a more attentive consideration of the expectations of the different social strata affected or targeted by the policy of social transformation underway. Speaking more broadly, the situation of recession does not merely hold disadvantages for the country. Actually, it makes a mutation that was already unavoidable all the more urgent. The postoil period has definitely come sooner than expected, but the entire country thus has, whether it likes it or not, more time to bring about a reorientation of the economic structure and a reconciliation of its development plans with the real potential of local society, which is, outside of any circumstantial fluctuation in oil revenue, the determinant of its immediate future.

11,464

CSO: 4519/70

## YEARS BEHIND SCHEDULE, MISURATA IRON, STEEL PROJECT NEAR COMPLETION

## Inadequate Staff

London MEED in English 13 Sep 86 p 22

[Article by David Hawley]

[Text]

LIBYA'S largest industrial project, the \$6,000 million iron and steel complex at Misurata, is nearing completion. Designed to produce 1.3 million tonnes a year of liquid steel, the project is years behind schedule and, say industry observers, faces a tough future finding clients for its products.

Project officials say the 90 per cent-complete complex, which covers 6,500 hectares on a coastal site east of Misurata town, will start production in early 1987.

First production will be 60,000-70,000 tonnes a year of bars and rods, Misurata engineer Mohammad Abdel-Salam says. This is 15 per cent of the unit's design capacity. Similar low initial production is expected for Misurata's other products. In late 1987, production will begin of 30,000 tonnes a year of angles and flats for the light and medium section mill — one-quarter of design capacity. In 1988, production starts of 40,000 tonnes a year of cold rolled products (30 per cent of capacity), and 150,000 tonnes a year of hot rolled products (37 per cent of capacity).

"With a steel plant, you never have maximum production straight away," auxiliary facilities section head M al-Larbi says. "The technology dictates that you go step by step." The plant's commissioning is up to three years late, and comes as demand for its output is falling.

Surplus steel capacity worldwide means there is little chance of Misurata finding overseas markets for its products. Its capacity means it cannot match the economies of scale achieved by plants up to 10

times its size in other countries. On the other hand, at 1.3 million tonnes a year, it is too large for Libya's needs, industry observers say.

Accurate estimates of local steel demand do not exist, but the construction sector is languishing because of cash shortages. According to central bank figures, this sector's contribution to gross domestic product (GDP) slipped by 22 per cent between 1982 and 1984 — the latest date for which information is available.

Contractors report that little new construction work is in prospect and no major awards have been let in 1986. However, Al-Larbi disputes the gloomy outlook: "I think the construction market will grow in five years."

Apart from concern about the economics of the project, many foreign observers are worried about the results of the lengthy construction delays — up to three years for parts of the scheme.

The delay is causing problems because of failure to maintain completed plant, they say. "Eighty per cent could go to waste because it has not been looked after," says one European engineer involved in the project. "If you let your car stand for two years by the sea, it will simply rust. That is what is happening here."

Slow payments are blamed for construction delays by contractors, which complain that the client — the Executive Board of Iron & Steel Complex — has been tardy in handing out final takeover certificates.

One contractor, South Korea's Hyundai Engineering & Construction Company,

threatened to stop work on its \$520 million contract because of payment delays. The slow completion of the 480-MW power station and desalination unit, which Hyundai won as a three-year contract in 1982, is a key element in the whole project.

In turn, payments delays are attributed to Misurata's losing priority in Libyan development plans. "The problem with Misurata is that they spend their money on the great man-made river (GMR)," one contractor says. The \$3,000 million GMR, which will take aquifer water to coastal towns, is proceeding on schedule with the clear backing of the government (MEED 30.8.86, page 34).

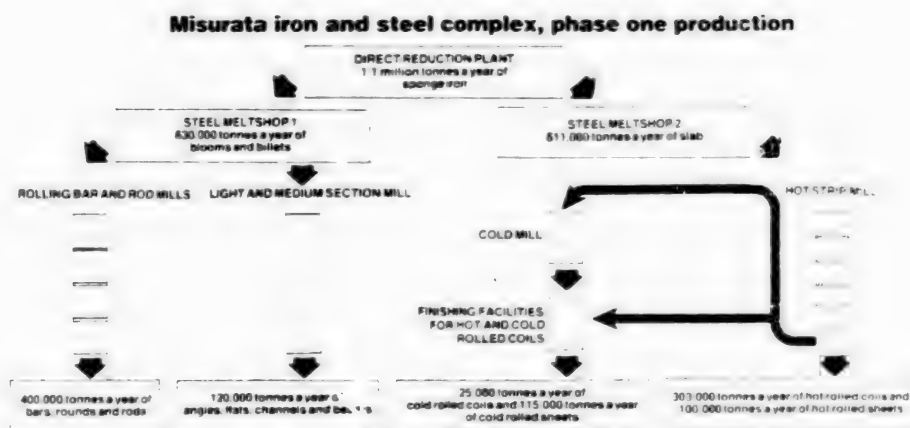
The promise of first production at Misurata in early 1987 is regarded as ambitious by some contractors because of the incomplete construction and the lack of raw materials. However, they concede that rolling production on the basis of imported billets is possible. Libyan officials say discussions are going on with billet suppliers, but have not said what volumes are being sought.

Misurata's problems will not end when production begins. Project officials say the training programme, intended to create a technical staff of 6,000, is one year behind schedule. The difficulty lies in finding sufficient numbers of suitable candidates for the two-stage training scheme, one Misurata engineer says.

Only 700 have completed the training course so far, says Abdel-Salam. Recent moves to prevent more Libyan students entering the UK and Ireland could further hamper the English training that forms half the programme (MEED 13.9.86).

The shortage of staff is linked to the scale of project. "Misurata is a classic example of a super-modern plant in a country which simply does not have the labour force to run it," one industry source says.

Twenty-five main contractors were involved in building Misurata, which has become a project in which few have confidence. The fault, they claim, lies with Libya: "We didn't force it on them," says one. "They wanted it at any price."



Thirty-five contractors and 800 suppliers have been involved in the first phase of the Misurata iron and steel complex. It is designed to use imported iron pellets to produce 1.1 million tons a year of sponge iron using the Midrex direct reduction process. Two steel melt shops produce more than 600,000 tons a year each of billets/blooms and slabs in six 90-ton electric arc furnaces. These products are processed in two 200,000-ton-a-year bar and rod mills, a 120,000-tonne-a-year light and medium section mill, a 1,700-millimetre hot strip mill with an annual capacity of 580,000 tons, and a cold mill producing 140,000 tonnes a year of cold rolled coils and sheets and 100,000 tonnes a year of hot rolled sheets. The complex uses 6.5 million cubic metres a day of locally produced gas and is equipped with six 85-MW generators and a three-by-10,500-cubic-metre-a-day multi-stage flash desalination unit. A port is designed to handle an annual 2 million tons of raw materials. The second stage envisages expansion of the complex to an annual 6.3 million tons a year of steel products. In this phase, locally produced iron ore at Wadi Shatti is intended to substitute for some of the imported raw materials.

Source: Executive Board of Iron & Steel Complex, Misurata

## Ireland Training Cut

London MEED in English 20 Sep 86 p 23

### [Text]

Ireland is to reduce the number of Libyan students it will allow to learn English in the country. The decision, taken in July but only recently announced, reflects Dublin's concern about Tripoli's links with the Irish Republican Army (IRA). The move is a blow to the massive training programme for the Misurata iron and steel works.

The 1.3 million-tonne-a-year plant is Libya's largest industrial venture and is nearing completion. It is owned by the Executive Board of Iron & Steel Complex, which wants to train 4,000 local technicians to run the 6,500-hectare site. The training programme, which calls for students to learn English overseas, is

already running one year late.

Irish officials say Libya's continued support for the IRA — an illegal organisation in the republic — is behind their decision to cut student numbers. No figure has been put on the number of Libyans that will be permitted to study in Ireland. The Irish have not alleged that Libya is providing weapons to the IRA — a suggestion that Tripoli has previously denied.

Managers at Misurata had hoped to increase the numbers going to Ireland because the UK refuses to allow them to study there. One engineer at Misurata, Mohammad Abdel-Salam, says the two-stage training programme entails an eight-month English study course before technical training can begin. Only 700 students have so far completed language and vocational training, he adds.

Abdel-Salam blames training delays on trainee staff shortages. The contractors at Misurata are responsible for vocational training, but are reluctant to train groups of less than 40 students. Usually, there are only about 10 students in each group, Abdel-Salam says.

/9274

CSO: 4500/8

## BRIEFS

**OFFSHORE OIL PLATFORM**--Italian companies have supplied the country's first offshore oil platform--a \$100 million-plus structure that will be installed in the Bouri field. Designed to pump up to 150,000 barrels a day (b/d) of crude, the 24,460-ton rig will start work by late 1987, it has been officially announced in Tripoli. The platform--DP 4--has been built by Belleli and Micoperi as part of a near-\$250 million contract for two platforms let in mid-1984 by Italy's Agip (NAME), the Bouri operator. The second platform, which is slightly smaller, is for delivery in first-half 1987. DP 4, which has accommodation for 250 workers, is being installed 130 kilometres northwest of Tripoli, in 170 metres of water. The Bouri field is the largest in the Mediterranean, with recoverable reserves of more than 500 million barrels. It is being developed at a cost of \$2,000 million (MEED 7:6:86; 15:6:84). [Text] [London MEED in English 20 Sep 86 p 22] /9274

**INTERNATIONAL AIRPORT EXPANSION**--Samsung gets airport go-ahead. Work to expand Tripoli international airport has been started by South Korea's Samsung Construction Company. The scheme has been delayed for months by insurance problems. The company had difficulty in getting cover for the LD 3.8 million (\$11.6 million) contract because international markets have been reluctant to accept Libyan risk. The order was let at the end of 1985, for completion in 24 months. Work calls for construction of air-side lounges at each of the airport's eight passenger boarding jetties. At present, passengers wait in a single, often overcrowded departure lounge. Contractor's all-risk and third-party liability policies have been arranged through the state-owned Libya Insurance Company, which retains only a small part of the risk. The delays in completing insurance are because of the size of the third-party liability--LD 15 million (\$47.5 million)--and problems in reinsuring Libyan risk in international markets. "After the US' economic sanctions and the call for EEC co-operation, no underwriters were willing to take Libyan risk," one construction company says. London brokers confirm that all classes of Libyan risk are hard to place because of fears about the country's political stability. However, there are no specific rules preventing insurers from taking Libyan business, they add. [Text] [London MEED in English 13 Sep 86 pp 22] /9274

**BARTER TRADE AGREEMENT**--Yugoslavia expects to take oil valued at about \$20 million to cover arrears on civil works contracts. The agreement will be carried out by October at the latest, Tripoli trade officials say.



Construction companies, which have a \$1,000 million order book in Libya, have already taken volumes of crude in 1986. Around 3.6 million barrels--worth more than \$40 million at average spot market rates--have so far been lifted (see page 21). Unlike other countries, Yugoslavia is prepared to take credit to settle payments due for goods supplied. Chief exports are textiles and knitwear, which peaked at \$50 million in 1984. "Our direct exports...are paid in cash, (but other forms of payment) are increasingly being substituted," one official says. Belgrade is reluctant to allow any expansion of barter trade. A recent tender to supply Yugo cars made by Zavod Grvena Zastava offers delivery against 60-day letter of credit (LC) payment only. About 30 contractors and other companies are represented in Libya, and a further 50 are suppliers. Yugoslavia is alone in having a local banking presence through representative offices run by Jugobank and Udruzena Belgradska Bank. The banks' main business derives from arranging bond facilities for contractors working locally, a representative says. The banking link could be expanded by the creation of a joint investment bank, officials say. The institution, which would be Belgrade-based, is unlikely to open soon. Draft articles of association are being studied by the authorities in Tripoli. [Text] [London MEED in English 13 Sep 86 p 22] /9274

CENTRAL BANK ASSETS, LIABILITIES--Tripoli, 24 Sep (JANA)--Assets and liabilities of Libya's Central Bank on 26 dhu Al-Hijja 1395 after the demise of the prophet corresponding to 31 Hannibal 1986 [August] reached 5775,916,355 [figure as received] Libyan dinars. On the other hand, Libyan and foreign gold bullions, bonds, and orders, as well as convertible assets and bank notes and coins issued for dealings on the same day reached 1,178,240,000 [figure as received] Libyan dinars. [Text] [Tripoli JANA in Arabic 1615 GMT 24 Sep 86 LD] /12624

CSO: 4500/6

## BRIEFS

PRESIDENT RECEIVES PRC DELEGATION--Colonel Maaouia Sid Ahmed Ould Taya, president and chairman of the Military Committee for National Salvation, received today the Chinese delegation led by Zheng Tuobin, minister of Foreign Economic and Trade Relations. The meeting was attended by Lieutenant Colonel Brahim Alioune N'Diaye, member of the Military Committee for National Salvation and minister of equipment [office as heard]. (Sidi Ould Cheikh Abdellahi), minister of Fisheries and Maritime Economy [name and office as heard], (Roussef Diagana), our ambassador to China, and the Chinese ambassador to our country. Following the meeting, the Chinese minister made a statement to the national press in which he first thanked the president for the warm and fraternal reception accorded him and the accompanying delegation. He then added that he delivered a message to the president from his Chinese opposite number, and also extended to him the greetings of the leaders of People's China. Finally, the Chinese minister expressed satisfaction at the level of cooperation between the two countries. [Text] [Nouakchott Domestic Service in Arabic 2030 GMT 16 Sep 86 LD] /12624

AMF LOAN--Abu Dhabi, 16 Sep (QNA)--A loan agreement of 3.25 million Arab dinars equivalent to \$11.8 million was signed in Abu Dhabi today between the Arab Monetary Fund [AMF] and Mauritania. This loan is designed to correct the structural defect in the Mauritanian economy which results in a huge deficit in the balance of payment. The 7-year loan will be withdrawn from the AMF in three installments with annual interest ranging between 5.2 percent in the first year and 7 percent in the seventh year. [Excerpts] [Doha QNA in Arabic 0815 GMT 16 Sep 86 JN] /12624

CSO: 4500/4



KING, PRIME MINISTER RECEIVE FRANCE'S CHIRAC

LD032121 Tabat Domestic Service in Arabic 1600 GMT 3 Oct 86

[Excerpts] In the throne room at the royal palace in Rabat this morning his Majesty King Hassan II, may God grant him victory, accompanied by His Royal Highness Crown Prince Sidi Mohammed, received French Prime Minister Jacques Chirac and the French official delegation accompanying him. During the meeting, his majesty the king awarded the prime minister the sovereign's highest medal.

His majesty and his distinguished guest then moved to the royal court where they held a working meeting lasting 2 hours. Later, his majesty received Robert Pandreau, minister delegate to the French interior minister in charge of security, and awarded him the Alawite Medal, senior officer grade, in the presence of the Moroccan and French delegations.

Prime Minister Azzedin Laraki today held a working meeting at the Cabinet Office with his French counterpart Jacques Chirac. Laraki and Chirac expressed their satisfaction at the level of relations between the two countries in various spheres. They also stressed their desire to further consolidate the ties. The talks also dealt with our country's concern with the future of its relations with the EEC.

Dr Laraki pointed out the concern of his majesty's government in all matters relating to our community's safety and security in France. The French prime minister stressed the French Government's intention to exert efforts to preserve the Moroccan kingdom's interests in the EEC. He also gave reassurances regarding the position of our citizens who are residing in France. The meeting also dealt with other issues of common interest and the identity of views of both governments was noted.

/9738

CSO: 4500/9

MILITARY COMMANDER VIEWS SAHARA WAR

PM031030 Casablanca LE MATIN DU SAHARA in French 17 Sep 86 p 2

[Interview with General Abdelaziz Bennani, commander of Morocco's southern military region, by Abdelhai Aboulkhatib in Agadir; date not given]

[Excerpts] [Aboulkhatib] Let us return to the tactical aspect, general. The enemy was harassing you in the mornings. He is no longer doing so. He is sending small groups to harass support points at night. There are no longer any major attacks. How do you explain this change in tactics?

[Bennani] You know, when a system changes its method several times in a year it does so because it is having problems. I am not telling you anything you did not know. It is a mathematical certainty. This system is therefore experiencing problems. The guerrilla war being waged against us is at present encountering great problems. What are these problems? I know some of them. If I knew them all I would have taken measures to aggravate them.

You know, when a soldier sees his enemy encountering problems, he is rather pleased. When he sees him changing method, he is also pleased, but he is not really taken in because a retreat often heralds a new attack. We merely look at this aspect and nothing else. In other words we remain constantly vigilant until His Majesty says to us: "That is it, it is over, it is settled."

What are the future prospects. As far as we are concerned, we intend to go ahead and establish control over our borders.

[Aboulkhatib] In this connection, is the end of the Arab-African Union [between Morocco and Libya] likely to change the conditions of the war, as some people claim?

[Bennani] You know, we have been fighting this war for 11 years now. Others before us fought it for centuries. No, that will not change the course of events at all. It will not change the stability and future of the kingdom.

[Aboulkhatib] However, surely you are making plans...

[Bennani] We are not even thinking about it. We know that we have an enemy, namely Algeria, our neighbor. The others do not matter much and cannot affect the march of history and the will of an entire people.

[Aboulkhatib] Nonetheless support from Al-qadhdhafi would help Algeria...

[Bennani] I do not think so. But if it happened it would not change the situation. It will simply be another piece of folly.

[Aboulkhabit] I mention this aspect because I have been told that the enemy is now firing 6,000 shells of all kinds. The Royal Armed Forces are only firing one third as many...

[Bennani] Of course. And that is what I said. We are constantly harassed. But we do not respond.

[Aboulkhatib] It seems that the enemy was previously firing up to 40,000 shells per day.

[Bennani] Of course. You know that it is a long journey to bring these munitions from Tindouf to Imlili. If you make the journey once a month it breaks your back. So, if they give them arms, they will need more men to provide logistical services and there will inevitably be losses.

But why is the Algerian Government acting in this way and pursuing this policy? What is the why and wherefore of this question? I wonder. Is it not in its interest to have agreement with the Kingdom of Morocco and thus have 23 million friends rather than having a few mercenaries who it has gathered by force, and I am in a position to know.

There are now 23 million Moroccans, there will soon be 25 million. In the year 2000 there will probably be 40 million. Tell me, is it not better to have these millions of people as friends instead of tiny groups which come and go like a desert wind? This is particularly true since the world is moving toward bigger groups and economic and cultural unity. Why is Algeria swimming against the tide of history?

[Aboulkhatib] On the eve of Crown Prince Sidi Mohammed's visit to Bir Anzarane, Algiers reported a clash near the district. What are the real facts?

[Bennani] We have now entered the propaganda sphere and what they think is the way of surviving at media level. They did indeed harass us at night, as is often the case. We were not hit at all. On the other hand they did not say a word about the burned-out jeeps and bodies they left behind near Oum Dreiga. It is a pity that the photographs have not yet arrived.

You know they harass us virtually every day. Never by day but at night, under cover of darkness. Their shells hit anything but the target. This does not prevent them from issuing ludicrous reports. Last night they came

and wasted shells near Farsia. They always approach under cover of darkness, fire a few shells, and then withdraw to the border. They fired at sand. They did not see anything. They did not advance further than 15 km from our front lines, but that did not prevent them from issuing laughable communiques in Algiers.

[Aboulkhatib] General, these harassment operations used to be carried out at dawn. Why this change of tactics?

[Bennani] It is simple. In the morning they left five, six, or even more jeeps behind. They also left a large number of bodies. So they changed tactics. Perhaps they think we will pursue them at night; perhaps they think they will exhaust us. Ultimately it is they who are exhausting themselves because their harassment does not affect us. We do not even retaliate. We go on playing cards or sleeping...

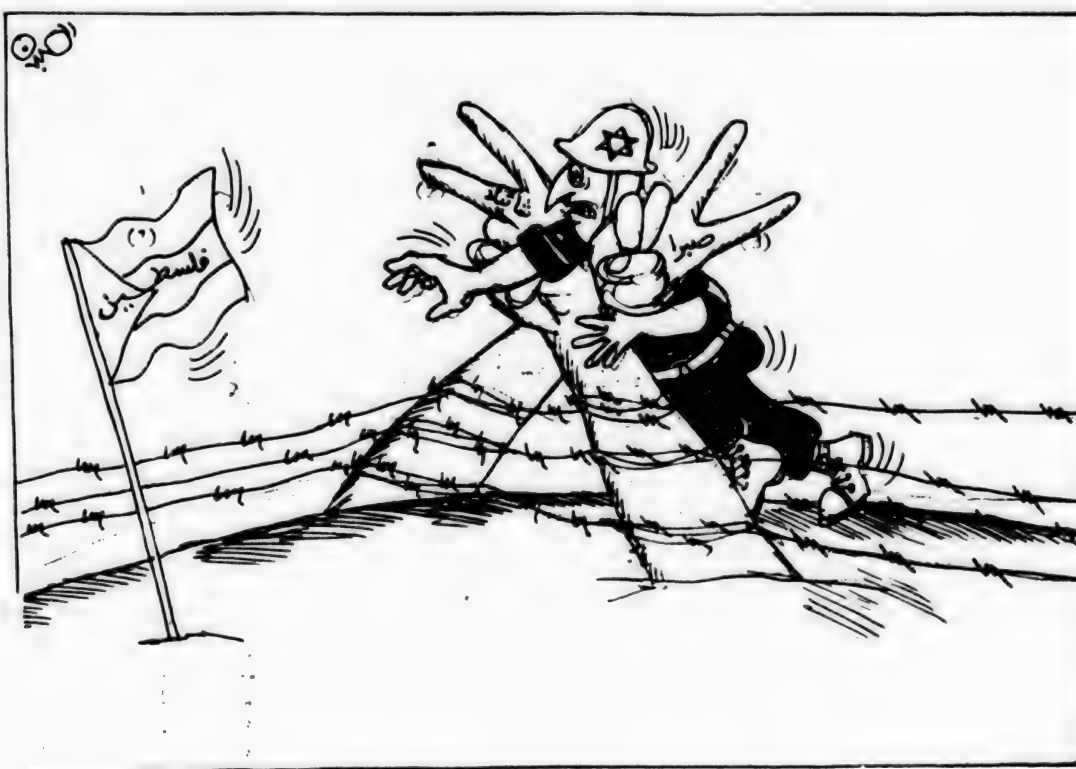
/9738

CSO: 4500/9

CARTOON IN MEMORY OF SABRA, SHATILA MASSACRE

Rabat AL-'ALAM in Arabic 16 Sep 86 p 8

[Text]



Key:

1. Palestine
2. Shatila
3. Sabra

/7358

CSO: 4504/10

## BRIEFS

FRG LOAN--The work of the joint FRG-MOROCCAN committee was concluded this evening with a financial agreement, according to which the FRG will grant DM60 million for consolidating the government efforts through the national fund for agricultural loans for the benefit of the small farmers. The agreement was signed on behalf of the Moroccan side by director general of Cooperation at the Foreign Ministry Rafiq al-Haddaoui, and on behalf of the FRG side by the FRG ambassador to Rabat. [Excerpt] [Rabat Domestic Service in Arabic 2000 GMT 24 Sep 86 LD] /12624

ITALIAN AID--Morocco and Italy signed an agreement, which includes a program for mineral research in the eastern zone of Morocco. A new brick has been added to the edifice of the existing fruitful cooperation between Morocco and Italy. This exemplary cooperation was reinforced today at the Ministry of Energy and Mines by the signing of an agreement which includes an important program in the field of mineral research, which will include the eastern zone of Morocco. The signing of ceremony was presided over by Minister of Energy and Mines Mohamed Fettah with the attendance of the Italian Ambassador to Rabat Antonello Petromarchi. This agreement was signed on behalf of the Moroccan side by the director general of the Bureau for Mineral Research and Contributions Mohand Shahid and the director of the Italian Company (Quatter) (Tito Amelillo). The Italian contribution to this project is 25 million dirhams, and the Moroccan contribution is 10 million dirhams. [Excerpt] [Rabat Domestic Service in arabic 2000 GMT 24 Sep 86 LD] /12624

FINANCE INDUSTRY APPOINTMENTS--His Majesty King Hassan II. May God grant him victory, received at the Royal Palace in Rabat last night a number of high-ranking cadres of the Ministry of Finance. His majesty has appointed Hamad Houkaymi Jay as the new general director of Customs; Salah Hamzaoui, director of the public treasury; Hassan Cherkaoui, director of public and administrative affairs at the Finance Ministry; Mostafa Sahal, director of the public audit office and accounting at the Treasury; and Mohamed Mouman, director of Budget related banking operations. [Excerpt] [Rabat Domestic Service in Arabic 1300 GMT 24 Sep 86 LD] /12624

CSO: 4500/6

## BRIEFS

**NEW SECURITY APPARATUS--AL-SIYASAH** has learned from informed sources that a strong tendency exists toward reestablishing the security apparatus. This comes after the abolishment of the internal and external security directorates in the Ministry of Interior. The sources reported that this new apparatus will be accountable to the head of state and will comprise representatives from the Ministries of Finance, Foreign Affairs, and Interior plus the prosecutor general. The sources added that a disagreement occurred concerning the affiliation of the new security apparatus and that the matter was resolved after long negotiations. [Text] [Khartoum AL-SIYASAH in Arabic 18 Sep 86 p 1] /9599

**LOOTING, FIRES IN NIYALA--**Sources of AL-MAYDAN have reported that damages resulting from looting in the market district in Niyala during the riots last Saturday are estimated to be between 70 and 80 million pounds. In a related development, SUNA reported that the fire that destroyed a number of stores and warehouses in the city continued burning until Sunday and spread to the homes neighboring the market district and that the damages suffered by the merchants were heavy. For example, one merchant's losses were estimated at 1 million pounds. Furthermore, all damages have not yet been assessed. [Text] [Khartoum AL-MAYDAN in Arabic 17 Sep 86 p 1] /9599

**GABUSH DEMANDS SEPARATION OF RELIGION, STATE--**Father Phillip Abbas Gabush SNP leader and president of the National African Sudanese parties which have withdrawn from constituent assembly sessions, announced that he does not support laws replacing the September laws if they are Islamic. He expressed the necessity to separate religion and state and said that he is insistent on law 74 even if this leads to his resignation with the rest of the deputies who have withdrawn. Father Gabush suggested in his interview with AL-SIYASAH to conduct a comprehensive plebiscite to determine whether the people want a government based on Islamic laws or a secular constitution. This is in the wake of a meeting held yesterday by the parties which have withdrawn with the president of the constituent assembly. [Text] [Khartoum AL-SIYASAH in Arabic 17 Sep 86 p 1] /9599

**SHIBU: NO CONFLICT BETWEEN ISLAMIC LAW, UNITY--**Mr Hasan Shibu, secretary of the DUP parliamentary organization announced in the assembly that the organization holds fast to both national unity, and Islamic law. He expressed his belief that there is no conflict between Islamic law and national unity.



He added that Islamic law was not a cause for the rebellion which began in 1975 for reasons which he said are well known to us all. He also said that to hold Islamic law is contrary to national unity is not based on fact and that there is a lot of confusion and deception. [Text] [Khartoum AL-SIYASAH in Arabic 17 Sep 86 p 1] /9599

CSO: 4504/12



## BRIEFS

ALGERIAN-TUNISIAN INDUSTRIAL COOPERATION--Algerian-Tunisian industrial cooperation was the subject of a joint working meeting chaired by Minister of Heavy Industry, Faysal Boudraa and Tunisian Industry and Trade Minister, Slaheddine Ben Mbarek. The two ministers examined bilateral industrial relations and expressed their satisfaction on the development of actions of cooperation initiated by the two countries in the industrial field in conformity with orientations given by presidents of both countries. The two sides also examined the projects of the creation of joint companies and particularly insisted on the use of national capacities in the implementation of these projects. Moreover, the two ministers dealt with industrial complementarity [as received] mainly in the mechanical fields and named joint working groups to propose working axes in this field. [Text] [Algiers APS in English 1019 GMT 6 Oct 86 LD] /9738

CSO: 4500/9

## MINISTER OF COMMERCE EXPLAINS NEW ECONOMIC MEASURES

Abu Dhabi AL-ITTIHAD in Arabic 7 Sep 86 p 15

[Interview with Minister of Commerce Habib Ahmad Qasim by Basimah Nifadi; date and place not given]

[Text] A number of measures were promulgated in Bahrain at the beginning of last August aiming at stimulating the national economic situation which suffered throughout the past two years a sort of recession within the framework of an international economic crisis that affected the Gulf region.

The measures correspond to the needs of the average citizen, the investor and all sectors of the society and are compatible with the changes that are occurring in the country.

We conducted an interview about these measures with Mr Habib Ahmad Qasim, the Bahraini minister of commerce and agriculture who discussed the nature and features of these measures emphasizing that they were based on a comprehensive view of conditions in the region. Besides, they fall within the framework of the economic agreement concluded between the countries of the Gulf Cooperation Council. Following is the text of the interview.

[Question] What about the nature of the measures that were promulgated last week to stimulate the economic situation in the country; and the effect of these measures on the various economic sectors?

[Answer] There is no doubt that the basic goal of the measures is to stimulate the economic situation at the current stage which, in my view, is a preparation stage at the moment. But, as these measures are implemented, the major part of which has started to be applied as of 1 September, everybody will notice the seriousness and diligent efforts exerted by the Bahraini government on the basis that restoring confidence to economic activities and stimulating the economy is the beginning of the restoration of the cyclical movement of economic activity to achieve two goals: the shrinkage or reduction of costs for commercial and banking establishments and corporations; and restoration of investors' confidence in the stock market, real estate market, and business. I estimate that the results of these measures will be evident after the implementation which has already started on 1 September, and was preceded by an anticipatory phase by the people.

I believe that the reactions were good concerning these measures which were based on studies to reduce cost and to give a forward push to the national economy.

These measures can be classified into two groups. The first can be summed up in:

- the establishment of a Bahraini securities market;
- allowing citizens of the Gulf Cooperation Council countries to deal in a proportion of the stocks of local corporations;
- allowing local corporations to buy a proportion of their stocks;
- encouraging the establishment of public corporations that have high productivity for the individual and society;
- establishment of holding and investment companies, and companies specializing in providing investment consultation, and contracting for coverage and management of investment portfolios.

The second can be summed up in:

- refunding merchants for the customs duties on reexported merchandise;
- reduction of bank interest rates and scheduling of debtors' loans;
- reduction of workers', employers' and employees' contribution to the social security funds;
- reduction of municipality fees for offices, commercial establishments and corporations;
- allowing local citizens and citizens of the Gulf Cooperation Council countries to own apartments;
- simplifying procedures and importing specialized foreign labor.

There is no doubt that these measures will ameliorate and stimulate the economic conditions in the country because they are integrated and provide quick solutions which will bear fruit in the short term. These solutions were reached following a thorough study and investigation conducted by the private sector in participation with the government. Thus, the solutions are comprehensive and pertain to the various aspects of government agencies' work and are a product of the cooperation of all those concerned.

[Question] There is no doubt that the measures that were promulgated to stimulate the economic conditions are significant and ambitious, but some people feel that the question of property conveyance of apartments has some drawbacks. The hypothetical lifetime of Bahraini buildings, for example, is between 15 and 20 years. Besides, the problem of land ownership will be

subject to questioning. What is your opinion about that? Will land ownership be communal among the apartment owners in the same condominium?

[Answer] Naturally the land ownership will be collective among the group of owners and residents in the building which is sold. This is ownership not a long term lease. This is the goal. The statement that the hypothetical lifetime of buildings is 15 to 20 years is not true, because during the last 10 years a great deal of improvement occurred in the engineering and building standards both internationally and in Bahrain. These improvements will lead to an extension in the lifetime of buildings in Bahrain.

It is true that building costs have risen because contractors are forced to apply new specifications that did not exist before. But these costs will produce results reflected in a longer hypothetical lifetime for buildings.

#### A Good Initiative to Stimulate The Real Estate Market

This issue also involves the citizen who builds a private home, yet we have noticed that purchase and sale transactions of private homes are taking place. If the hypothetical lifetime of buildings is so many years, then control and inspection will be more strict for apartment buildings compared to those for homes and private villas.

Thus, I am optimistic about purchase and sale transactions for apartment buildings and apartments such as private homes, because the presumed lifetime for apartments will be the same as that for houses if not longer due to the strict control on construction. Besides, there will be collective and periodic maintenance performed by the owners of the apartment buildings which will help in extending the hypothetical lifetime of these buildings.

I believe that the resolution to allow apartment ownership will create a demand for some services related to construction and especially for surveyors, evaluators and estimators. These people may play a marginal role now, but after the promulgation of the measures they will play a large role in the evaluation process. Nobody will buy before obtaining a technical opinion from the consulting firms, estimating and evaluating establishments and surveyors.

This is a good start for stimulating the real estate market and enabling real estate investors to obtain a quick return on their investment.

The resolution was a result of a need for a law and for measures regulating property conveyance which determine the rights and responsibilities of the participants in this sector. We shall take into consideration the experience of the countries in the region and other countries in the world in this respect.

#### The Law Will Allow the Market Financial and Administrative Independence

[Question] Regarding the establishment of a financial market in Bahrain, can you tell us the features of the law which will determine the establishment of this market and the nature of the fields in which corporations will be established to participate in this market?

[Answer] The law will allow the market financial and administrative independence. It will regulate and determine the rights and responsibilities of the board of directors, the executive administration, the brokers and the investors who deal with the market.

It will also help in regulating the exchange, payments, and dissemination of information. It will confine exchange to within the market and through official brokers.

It will gradually transfer the market from a local market to a regional and international one, and will allow it to deal in commodities as well as in stocks.

The law will give the market the authority to monitor the integrity of transactions and to protect the dealers in the market as well as the administrative and organizational aspects within one apparatus in the stock exchange.

There will be a guarantee to prevent the occurrence of tremors in the market by exerting control and preventing all kinds of fraudulent deals.

The law will encourage the establishment of corporations of high economic value and provide them with the necessary financing.

Thus, the principal features of the market are: it will have a legal identity unrelated to any organization or establishment, but will be jointly [overseen] by the private and government sectors. It will be flexible enough to allow dealing in the stocks of local, Gulf, and international corporations, as well as bonds, and commodities.

The purpose of establishing this market is first to exploit or invest local savings in developing projects, moving the economy and creating investment opportunities in various economic, commercial, and touristic sectors as well as banking and educational services. Second, to encourage the secondary securities market to circulate stocks. These are the principal features.

Regarding the corporations which will be established, a committee was formed from the Ministry of Commerce and Agriculture, and the Ministry of Finance and National Economy to study the fields in which corporations can be established and to encourage the public corporations to bolster stock transactions.

Forty-Nine Percent of the Stocks of New Corporations For the Citizens of the Gulf Cooperation Council Countries

[Question] Will the participation of the citizens of the Gulf Cooperation Council countries in the local corporations be unrestricted or will it be subject to a certain quota, and what is the proportion of this quota?

[Answer] In August the Council of Ministers agreed to allow the citizens of the Gulf Cooperation Council countries to deal in a proportion not exceeding 25 percent of the shares issued by local corporations.



Initially, with regard to circulation, there will be a quota in the range of 25 percent for existing corporations provided that Bahrainis own no less than 51 percent. This 25 percent applies to the currently existing corporations. For new corporations, it is possible for citizens of the Gulf Cooperation countries to own up to 49 percent of the promoter shares while Bahraini citizens own 51 percent.

If it is discovered that there are some projects that can be owned by the Gulf Cooperation Council countries at higher percentages, there are articles in the law which will allow that. It is our objective to implement the articles of the economic agreement. In this regard, it is allowed to own up to 25 percent as a first stage as I mentioned before. The proportion will go up to 49 percent for new corporations.

#### Restoring Confidence to the Securities Market and its Dealers

[Question] As a result of establishing this market what are the consequences that you expect will stimulate the economic situation in the country?

[Answer] I expect the following results:

- Restoration of confidence in the securities market and its dealers.
- Creation of organized investment channels to invest the savings of individuals, establishments and corporations.
- Providing the necessary liquidity to finance new projects or to expand existing ones. Also, the facilitation of liquidity of stocks and securities for individuals and establishments at various times.
- Specialized companies, especially holding companies will perform an essential role in stimulating the market and stabilizing prices.
- Increasing the investment awareness among those who deal in the stocks.

#### New Employment Opportunities for Bahraini Work Force

[Question] There are reports which mentioned that the country will suffer during the next decade from the problem of the existence of 30,000 unemployed workers. What measures have been taken in this regard and will the Bahrainization of jobs and the dismissal of foreign workers be one of these measures? What will be the extent of this dismissal during the next decade?

[Answer] The Strategic Options Committee has focused its attention on the issue of the national work force. It concentrated on the projects which can absorb Bahraini workers, and create new employment opportunities for them. This topic is at the forefront of the issues that the Council of Ministers considered in August. I believe that the Ministry of Labor has the complete information about this issue, but according to my knowledge, these figures are highly exaggerated. There are no 30,000 unemployed workers, and there will be no 30,000 Bahrainis looking for work during the next decade. I imagine that these numbers are too high. However, the principal objective of



the Strategic Options Committee, that was charged by the Council of Ministers to study the economic situation, is to stimulate the process of economic growth, or more specifically to increase the national income above its current level by establishing new commercial projects in various economic sectors--industrial, touristic, agricultural and commercial in addition to the financial and banking services.

The committee acted to emphasize two aspects: the first is to stress the financial and economic position of Bahrain regionally and internationally; the second is to absorb the new workers that enter the market.

We hope that we shall not resort to dismissing foreigners. Currently, some foreigners are being dismissed in the building and construction industry because there is a slump in construction. Those who will enter the labor market will have a high level of training and will possess high and medium level skills. Our strategic aim is to create employment opportunities for those citizens and not to dispense with foreigners.

[Question] What, in your estimation, will be the volume of foreigners who will be dismissed taking in consideration that Kuwait specified a number in its plan and so did the United Arab Emirates and the Kingdom of Saudi Arabia?

[Answer] In Bahrain we have only 120,000 foreign workers. More than 80,000 of them perform manual labor that Bahrainis do not perform.

#### Bolstering Commercial and Economic Relations Among the Gulf Cooperation Council Countries

[Question] Since the establishment of the Gulf Cooperation Council, the six countries have been trying to adopt measures to achieve homogeneity among them. The Unified Economic Agreement was one of those measures. But, there are some impediments to its implementation. How do you view the elimination of these impediments, and when will a meeting of the commerce ministers of the six countries be convened?

[Answer] The Committee of Trade Cooperation of the Gulf Cooperation Council will convene next September. The meeting will discuss the commercial and economic issues which were studied during this year, in order to make the necessary decisions about them and to bolster commercial and economic relations among the Council countries in accordance with the articles of the Unified Economic Agreement. The committee will submit the appropriate recommendations to the Majesties and Highnesses so that they may adopt the necessary resolutions.

In addition, the obstacles that impede commerce among the citizens of the Gulf Cooperation Council countries will be recognized, because this is one of the most important topics that the coming meeting will tackle. Concerning the obstacles impeding the implementation of what is agreed upon among the Council countries, each country has its particular circumstances. But we exert our utmost efforts in coordination with the general secretariat of the Cooperation Council to find the appropriate solution and to overcome any impediments that may occur during implementation.

## FOREIGN, DOMESTIC TRADE DEVELOPMENTS DISCUSSED

London AL-DUSTUR in Arabic 8 Sep 86 p 31

[Article: " Essential Hurdles in Field of Iraqi Commerce, Warehouse Networks Work Electronically To Preserve Commodities"]

[Text] With its various sectors and activities, trade in Iraq takes on a big responsibility in the chain of responsibilities that support the revolution in the economic structure. For this reason, rapid gains have been realized in the field of domestic and foreign trade and in increasing the volume of major commodities. Commercial activity has begun to take a prominent position in carrying out the comprehensive national development plan by performing the requirements of increasing production and consumer products or by developing Iraqi exports.

Financial allocations have increased to cover the imports of the commercial sector during the period of the war at a higher percentage than they were in the years preceding the Iraq-Iran war.

The Ministry of Commerce has played a prominent role in the field of safeguarding food for the citizens, exemplified by grain, through the production and marketing channels, by making imports consistent with national production, and by safeguarding requirements to support that production, so that grain storage capacity in 1984 increased by 40 percent over 1976 and the storage field increased by 420 percent during the same period. Owing to the detailed plan for the affected systems, and the close ties between the efforts of all the agencies that are related to the supply of food to the people, the preparation of field marketing studies using coordination with the agricultural sector, the raising of storage capacities, and the guaranteeing of Iraq's grain needs, the ministry gave emergency importance to the task of raising grain and bread production capacities in order to bind them to the livelihood of the citizens and their daily lives. This resulted in an increase in the production capacity and in the share of the socialist sector in the manufacture of flour and bread.

As for what accomplishments have been carried out in the development of marketing services, the commercial sector has produced the basic frameworks for the major activities connected with marketing services, among them the stores connected with marketing services.

In the field of storage capacity the ministry has successfully built several modern storage groupings that include hundreds of vast storehouses. These safeguard the requirements for the supporting

structure of the sector and enable it to carry out the strategic storage policy. This has been strengthened by the carrying out of a number of projects that are a better means of storing commodities in which the structures of the commercial-sector trade.

The ministry introduced methods of specializing in the work of storehouses and it prepared for them modern systems to receive goods, to investigate the characteristics, and to determine the loss and damage to the commodities. It has worked to organize and develop these systems by introducing the computer with the goal of dominating the storage and circulation of commodities. In that manner these successes have been strengthened with the development of transportation determined by the expanding needs for commodity distribution by creating an automated transport fleet.

As for organizing domestic trade, specifically in the field of organizing the operation of the commodity exchange, national spending recorded an annual increase of 49 percent during 1976, whereas this proportion has risen to 714 percent in 1984 for consumer goods. The increase for the same period was 450 percent for the goods produced in the products of the other sectors.

Through this activity, the state's central policy ministry has protected the needs of the citizens. The national markets have seen a significant jump in the quantitative and qualitative cross section of goods. In this aspect, it concentrated on the follow-up and control methods in carrying out and creating means of supply to get the commodities to the consumers, such as the network of agencies, central markets, cooperative consumer groups, and the army stores, in addition to an increased observance of decentralization in the agencies' preparation and increasing their share of basic and necessary goods. It based the principle of distribution equity on what is appropriate to the supply and storage capabilities of the agent and the population density. It worked quickly by dividing the cities into sectors. Through this the ministry realized an increase through the agencies network, reaching 108 percent in 1984 from 68 percent in 1980.

With regard to the adoption of the foreign trade plan, the ministry interpreted the import plan as having a special importance in relation to preparing the importing procedures and following up on their implementation. It introduced radical changes in the bases and in the procedures of foreign business to meet the needs of the citizens' using balance and the outflow of commodities.

In this regard an appraisal has been completed of the methods of demand, the dependence on the methods of operation, the commodities methods of operation, the commodities methods in diversifying the sources of equipment and installations, and the formation of import committees that include various specialties and the agencies that have ties to imported goods. This knowledge and experience have shared in strengthening the experience of the commercial importing sector, especially in the war conditions against the Iranian enemy. This has allowed Iraq to obtain an abundance of commodities for basic and necessary materials and, consequently, to be successful in serving the war effort and the citizens by directing the various commodities through the agencies and the central markets.

In the field of export activity, the ministry concentrated on the development of exports of non-oil commodities and the investment in new products for Iraqi commodities with a great economic return. The ministry has participated, through the General Association for Export, and cooperated with the producing sectors in creating competitive opportunities for exported commodities by supporting and stimulating exports through bilateral agreements with sisters and friendly countries.

In foreign affairs, in 1985 forty meetings of the socialist economic committees were held between Iraq and sister and friendly countries, in which many agreements in the field of economic and commercial cooperation were signed, in addition to increasing the trade volume between Iraq and these countries.

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CSO: 4404/515

## SABBATICAL YEAR SPELLS SPECIAL FARMING, HOMEOWNING PRACTICES

Jerusalem THE JERUSALEM POST in English 5 Sep 86 pp 1, 4

[Article by Haim Shapiro]

[Text]

A month from now, a tractor "that drives itself" will be sowing the fields in the Golan Heights, an innovation enabling farmers in Israel to adapt to the year of *shmitta*, which begins on Rosh Hashana.

But the sabbatical year, the seventh year in which Jews in the Land of Israel are commanded to let their fields lie fallow, concerns not only farmers. Homeowners too must observe the laws of *shmitta*, according to Rabbi Yehezkel Daum, who is in charge of *shmitta* for the Chief Rabbinate. And the rabbinate has published special booklets for both homeowners and farmers to familiarize them with the subject.

Farmers are able to utilize a rabbinical procedure which allows them to "sell" their land to a non-Jew for the year. But this option is not available to homeowners, Daum stressed. They must observe the *mitzva* in full.

In fact, the homeowners' booklet indicates, even flat dwellers who share a common garden are affected, and should try to convince their neighbours to fulfil the commandment. Failing this, they should withhold payment for the gardening work, but only, the booklet warns, if they can do so without causing bitterness and strife. At least, it continues, they should indicate to the head of the house committee that their money be earmarked for non-gardening activities, such as cleaning, and if all else fails, they can make a declaration surrendering their share in the common garden.

The basic principle, Daum explained, is that one is permitted to prevent harm to existing plants, but not to encourage new growth. This has specific implications for lawns, herb gardens, ornamental borders and especially for grape vines, to which stricter rules apply. Less stringent are the rules for window boxes, flower pots and hothouses.

In a sense, Daum said, the laws of *shmitta* are different from most other areas of observance in Israel, because these laws apply only to the Land of Israel itself and Jews from abroad have not had to deal with them. In almost all other areas of observance, he noted, most people simply follow the practices of their fathers and grandfathers.

Even in Israel, the law does not apply everywhere. Some areas around Ashkelon and Beit She'an are exempt, for example. Some rabbis also exempt parts of the Golan Heights, but Daum, who is the rabbi of Ramat Magshimim in that region, holds that all of the Golan Heights falls under the *shmitta* laws.

The rabbinical procedure exempting farmers from many of the strictures is based upon the premise, formulated by the late chief rabbi Avraham Yitzhak Hacohen Kook, that full observance of this commandment at the present time would constitute a danger to Jewish settlement in Eretz Israel. Those who derive a major part of their income from agriculture are thus allowed to use the procedure of nominal sale of their land.

But even so, such farmers must

take special care. Arrangements are being made to sell (or rather "charge for expenses for") such produce through rabbinical courts. There are also technological arrangements, such as the "tractor that drives itself."

"A man sits on the tractor," Daum says, "but he is there only to stop it at the end of the row. Otherwise, it would simply continue on to Syria."

All settlements, even if they take advantage of this procedure of the Chief Rabbinate, are encouraged at least to set aside "a *shmita* corner" of one field, which really does lie fallow. But there are several thousand Jews, especially in Jerusalem and Bnei Brak, who do not accept the Chief Rabbinate's arrangement at all.

"The only solution is to use produce raised by Arabs for the entire year," Abed Hayat, a husky oriental Jew who runs a bustling vegetable stand in the ultra-Orthodox quarter of Mea She'arim, told *The Jerusalem Post*. He estimated that as a result of this, prices for his customers would go up by 30 to 50 per cent.

Hayat admitted that in past *shmita* years there were scandals when Arabs were found to have bought up Jewish produce and then sold it as their own. "You have to send a *mashgiah* (rabbinical supervisor) out to the fields," he said.

A few Jewish settlements, especially those belonging to the Poalei Agudat Yisrael movement, will be observing the commandment in its entirety. Kibbutz Hafetz Haim, for example recently installed a large water recreation park (with separate facilities for men and women) to raise income which will compensate for losses through its rigorous *shmita* observance.

For those who wish to study the rulings of the Chief Rabbinate, the booklets are available at a nominal cost from the Chief Rabbinate's office and through synagogues and religious councils. An English version of the booklet for home owners is in preparation and due to appear within a few weeks.



## BRIEFS

'COHESION' WITH JORDAN--Amman--A statement issued by a group calling itself the Group of the Right Path [majmu'at tariq al-haq] was distributed in the occupied territory yesterday. The statement calls for defying false slogans and rejecting the policy of imposing opinions by force. It also calls for pursuing national dialogue as a means of solving differences. The group noted that its aim is to restore cohesion among the people on both the East and the West Banks of the River Jordan and urge them to work together through unified Arab action. [Text] [Abu Dhabi AL-ITTIHAD in Arabic 28 Sep 86 p 1] /9599

CSO: 4400/19

## PLANNING MINISTER ON WEST BANK DEVELOPMENT PLAN

JN161750 Amman Domestic Service in Arabic 1500 GMT 16 Sep 86

[Text] Planning Minister Dr Tahir Kan'an has said the estimated total amount of the public sector's investments in the 1986-1990 economic and social development plan for the occupied territory has reached 362,500,000 dinars. This estimation reflects the best choice among a number of investment alternatives which were presented throughout the stages of preparing the plan. In a statement to PETRA, Dr Kan'an added that development plans and proposed projects were distributed among various sectors. The plan allocates 61,700,000 dinars for the agriculture sector, 22,500,000 dinars for the industrial sector, 155,000,000 dinars for the housing and construction sector, 78,697,000 dinars for the education sector, 34,400,000 dinars for the health sector, and 10,174,000 dinars for the social development sector.

The planning minister added the plan aims to enhance the citizens' capability under the occupation to resist the occupation authorities' pressures aimed at uprooting them by promoting the quality of work by Arab citizens and their national institutions and by confronting and reducing permanent and temporary emigration. The plan also aims to reduce the Arab labor force working in Israeli activities and to lower Arab consumption of and limit dependence on Israeli products. He noted the plan will develop and diversify individual skills, expand job opportunities, strengthen the people's relationship with the land and society, and promote the attraction of Arab villages as a suitable environment for a stable life.

On its implementation and its mechanism, Dr Kan'an stated that the outside serious work to improve economic and social activities in the occupied Arab territory is not an easy job. Many people doubt the outside world can achieve such a positive effect on the existing system. The planning minister added there are obstacles and deterrents limiting the abilities of the occupation authorities to deal freely with the fate of the 1.5 million Arabs under occupation. The Arab citizens have succeeded to a great extent in safeguarding the standard of stability on their territory. They made construction and development steps in many fields, thus maintaining growth in the population and in the standard of living despite all obstacles.

They were supported in this by contacts with their sons working abroad as well as by using the open bridges to transport agricultural products to East Bank

markets and by the aid which continued at different levels, including the salaries of employees in Jordanian civil service departments, the municipalities' shares from fuel revenues allocated in the Jordanian treasury, and Arab and foreign aid. He noted that many factors affecting economic and social activities in the occupied territory are linked to the policies, systems, and measures decided and adopted in the East Bank.

/9599

CSO: 4400/19

JORDAN

BRIEFS

75 WEST BANK ENGINEERS APPOINTED--Amman (PETRA)--Public Works Minister Mahmud al-Hawamdah has decided to appoint 75 new graduate engineers from all fields of speciality to work in various municipalities and national institutions in the occupied West Bank. In a statement to PETRA, the minister said that this decision is in accordance with the government's policy of supporting the national institutions in the occupied territories, of providing work and training opportunities to those engineers, and of bolstering the steadfastness of our kinfolk there. [Excerpt] [Amman AL-RA'Y in Arabic 16 Sep 86 p 3] /9599

CSO: 4400/19

## SULTAN QABUS UNIVERSITY OPENS FOR SCHOOL YEAR

London MEED (Special Report) in English Sep 86 pp 24-25

[Text]

THE first 500 or so students will arrive at Sultan Qaboos university in mid-September. Designed and built in only four years, the £225 million (\$338 million) university — in Al-Khoud, near Muscat — is Oman's educational showpiece. It has five colleges, with courses weighted heavily towards the engineering and science skills most urgently needed in a developing country.

The university authorities are adamant that all applicants must have achieved certain educational standards. There are 250 places in the education and Islamic science college, 100 in engineering, 80 each in science and agriculture, and up to 70 in the college of medicine. Before joining their faculties, all students will take a compulsory course in Arabic and English, and studies in Omani and Islamic culture. The ambitious plans dictate that, within three years from enrolment, all the medical students will move on to train as doctors at a teaching hospital being built on the campus.

The university will take both men and women, who will be fairly strictly segregated, with separate accommodation. It also has its own mosque — one of the architectural highlights of the campus.

According to Education & Youth Affairs Minister Yahya Bin Mahfouz al-Munziri, the university's opening should reduce the number of students going abroad on state scholarships. The resulting savings will probably be used to enable more post-graduates to go overseas.

The university may take pride of place in Oman — but it is also a feather in the cap for the contractor, the UK's Cementation International (CI). It is a fine example of UK engineering and industry in a region where British firms have come up against cutthroat competition — particularly from Asia — and suffered a reputation for poor delivery and performance.

The faculties and accommodation were handed over to the university authorities on 30 June, although — with the clients agreement — some finishing works remained to be done. Work on the associated £83 million (\$125 million) hospital and farm will be completed in 1988.

Design and construction work proceeded hand in hand from the moment project architect YRM International drew up initial designs. At the height of construction, around 4,000 workers were on site — supervised by 40 expatriate staff — and 4,500 cubic metres of concrete a month were being poured. The building shells were more or less finished in October 1985, three years after work started.

Each phase of the scheme had a notional budget, says project director Michael Slater, who was recently appointed CI's managing director. Contract drawings were then prepared, and costings drawn up and agreed with the government and its UK cost consultant, D G Jones & Partners. The only problem came in the last phase of the main contract — for faculty and common buildings, includ-

ing the library and conference halls. "We had to work it out exactly to stay within the initial £225 million contract," says Slater.

The co-ordination of supplies to the project often proved problematic. The stone facing came from India, but could only be supplied in the cooler weather, when the Indian quarries were being worked.

The rial's January devaluation against the dollar had little effect on CI, Slater says. According to the terms of UK financing for the scheme, the contractor gets two-thirds of its payment in sterling, for UK goods and services, and one-third in riyals, to pay for local costs, such as labour. The cost of imports was affected slightly, but CI did not have to pay higher wages to its workforce.

CI's subcontracting and consulting team all came from the UK. Aside from YRM International, it comprised T H Engineering Services (civil and structural engineer), YRM Engineering (mechanical and electrical engineering consultant) and Brightside/Young Austen & Young (mechanical, electrical and plumbing subcontractor).

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## PROGRESS MADE TOWARD ELIMINATING ILLITERACY

Muscat TIMES OF OMAN in English 11 Sep 86 p 13

[Text]

The Sultanate joined the international community in celebrating World Literacy Day on Monday.

Oman has made considerable progress in eliminating illiteracy and promoting adult education.

The Ministry of Education and Youth Affairs has launched an extensive literacy campaign throughout the country.

The Directorate of Literacy and Adult Education organises classes on a national basis and the number of students in these classes is constantly increasing.

The number of students in literacy classes during 1985-86 was 11,772. Adult Education students were estimated to number 12,401.

In addition, 7,258 students have been registered as external students who study the adult education course in their leisure and appear for the examination.

A large number of working people are taking advantage of the facility of study at leisure.

The Literacy and Adult Education classes for the new academic session begin on September 20. Registration of new students has ended in various areas and the directorate is busy in completing arrangements for accommodating newcomers.

The Directorate plans to introduce a book on family education for women attending literacy and adult education classes.

In a speech on Monday, Minister of Education and Youth Affairs Yahya bin Mahfudh al Manthery underlined the rapid strides that Oman has made in spreading literacy in the country.

He said a total of 500 new literacy classes, to teach 12,000 men and women, were opened during the year.

Some 3,000 of these students were issued literacy certificates at the end of the year.

The Minister pointed out celebrating the day every year was a chance to focus the world's attention on illiteracy and its dangers and to intensify efforts to eradicate it.

Oman's achievements in this regard had been highly satisfactory, Mr Manthery said, adding that the Omanis had been quick to respond to the Government's efforts.

He said that those students who did exceptionally well in their literacy and adult education classes were also provided the opportunity to pursue their studies in universities and higher education institutes.

The Sultanate's drive against illiteracy, Mr Manthery said, was not confined to centres opened at schools but extended to classes run in rented buildings in distant and remote areas.

Literacy centres were also opened in the Ministries of Defence, Health and Social Affairs and Labour and at voluntary organisations like the Omani Women's Association, he added.

A literacy campaign, he said, was also being launched through the media, particularly radio and television.

Another feature of Oman's literacy efforts was the keen interest shown by women in educating themselves, Mr Manthery added.

He said his Ministry had prepared special programmes to help women to become ideal housewives and thus go guide the future generation.

The Minister praised the role played by the UNESCO in fighting illiteracy and the material and technical support it extended to member states.

Mr Manthery also praised the Arab Organisation for Education, Culture and Science for its efforts in this regard.

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CSO: 4400/13

## OVERVIEW OF INDUSTRY IN OMAN PRESENTED

Muscat TIMES OF OMAN (Supplement) in English 18 Sep 86 pp 1-2

[Text]

Before the discovery of oil in Oman, manufacturing industry was limited to traditional handicrafts like boat building, hand weaving, pottery, silverworks, etc. However, from 1970 onwards, when the new era dawned in Oman under the wise leadership of His Majesty Sultan Qaboos, public and private efforts have been directed towards creating an industrial base in the country.

However, these efforts were limited to a few investments in the field of manufacturing during the first half of the 1970s, because most of the Government resources had to be directed towards the establishment of highly - needed infrastructure while private sector resources were attracted to the sectors of trade and real estate which used to offer comparatively higher profitability and quicker return.

Diversification of the economy was one of the top-priority goals of development strategy in Oman. The consequent five-year development plans from 1976 up to now had given special attention in their policies and short-term objectives to the overall goal of diversification of the country's economy, which had been announced earlier in 1975 by the Development Council when it declared the development strategy for Oman. The announced strategy included, among other things, the following objectives:

Efforts should be made to develop new income generating sources, so that they can support oil revenue and replace them in future.

To increase investments directed to come yielding projects, especially in the fields of industry, mining, agriculture and fisheries.

Consequently a special stress has been made by the three consecutive five-year plans (1976-1990) on development of manufacturing sector in Oman.

To achieve the goal of creating and strengthening the industrial base in Oman, which was one of the basic targets aimed at by the country's development plans, the Government has adopted policies and taken many steps towards the achievement of this goal. These can be summarised in the following points:

In 1976 Oman Development Bank was established with the aim of providing finance for industrial projects by offering medium and long-term loans at preferential interest rates which are well below the commercial interest rates and by participating in the equity capital of industrial projects that are considered important to the country's development.

In 1979 "The Law for the Organisation and Encouragement of Industry" for 1978" was issued by Royal Decree No. 1/79. The law offers numerous incentives to investors in the field of manufacturing sector.

1. Exemption from taxes, including income tax for a period of five years starting from the date of licence, industrial register, or commencement of production. The exemption period is renewable.

2. Exemption from customs duties on machinery and equipment and on raw materials and other requirements for production.

3. Exemption of exports from all export taxes and duties.

4. Protection from competing foreign goods by levying customs duties on imports of similar goods taking into account quality and quantity of the home product and the consumers interests.

In implementation of this incentive many local industries are now enjoying custom protection ranging from 15% to 25%. These include cement and cement products, asbestos cement products, plastic products, vegetable oil, paints, etc.

5. Reduction of tariffs of electricity, water and fuel for industrial purposes. Preferential tariffs for industry are currently being studied by a high Ministerial Committee.

6. Priority should be given to industry when allocating plots of land.

7. Priority should be given to local products in the government purchases on condition that such products satisfy the required specifications. Priority should be given within a maximum price increase of 10%.

### Joint Ownership

In order to encourage the private sector to invest its resources in the manufacturing sector the Government has made efforts with the private sector to establish joint-ownership projects such as Flour Mills, Oman National Fibre Company, Oman Paper Mills, and Rays Company. The Government has also independently established some industrial projects which needed heavy investment such as Oman Mining Company (The copper project), Oman Oil Refinery, Oman Cement Company, etc. The Government policy is to sell its holdings in industrial projects to the private sector when these projects prove to be feasible.

The implementation of Royal Decree No. 83/80 regarding financial support to the private sector in the fields of agriculture, fisheries, manufacturing industry, mining and quarrying, the Second Five Year plan has allotted to the private

**Registered Industrial Firms classified according to the size of capital**

Capital (Thousand R.O.)	No. Registered during the year				Total at the end of 1984		
	Before 1980	1980	1981	1982	1983	1984	
2 to less than 5	232	9	6	62	84	30	359
5 to less than 10	193	22	8	67	19	37	346
10 to less than 25	305	41	36	72	23	33	510
25 to less than 50	61	6	13	7	3	7	97
50 to less than 100	33	5	4	2	7	11	62
100 to less than 250	7	1	1	2	3	6	20
250 to less than 500	3	-	-	-	1	1	5
500 to less than 1000	2	-	-	-	2	1	5
1000 to less than 5000	3	-	-	2	-	1	6
5000 and more							
<b>Total Registered Industrial Firms</b>	<b>862</b>	<b>88</b>	<b>71</b>	<b>217</b>	<b>84</b>	<b>137</b>	<b>1459</b>

Source : Year Book (Issue No. 13 - Nov. 1985) Issued by the Development Council.

investors in manufacturing industry an amount of 109 million R.O. as interest free loans repayable in 15 years' time with an additional grace period of 5 years. The plan has also allotted 5 million R.O. as grants to industrialists who satisfy certain conditions. Moreover, 20 million R.O. were allotted during the plan to Oman Development Bank to enable it to provide finance for industrial projects at preferential interest rates.

The Ministry of Commerce and Industry commissioned, in 1982, a consulting house to carry out a survey to identify investment opportunities in medium and small-scale industry in Oman. Nineteen projects were identified and detailed feasibility studies were sold to interested businessmen at nominal prices. The result was very encouraging. A large number of businessmen applied for licences to establish these industries. Licences were issued and a number of these projects are now under construction. The success of that step has encouraged the Ministry to make a new agreement with a new consultant to carry out a further survey to identify more industrial projects which may be feasible to establish in Oman.

The Third 5-year plan (1986-1990) budgeted 50 million R.O. as interest-free loans for industrial sector during the plan, and 13 million R.O. for Oman Development Bank as an increase for its resources in order to enable it to provide easy and cheaper finance for industry.

An industrial survey carried out in 1980 revealed that 46.3% of the firms which responded to the study were involved in the production of cement blocks, tiles, and pipes, 12.3% were engaged in the production of furniture and timber products, 5.8% in iron and steel products, 13.3% in foodstuffs and soft drinks, 7.9% in tailoring and textiles business, 7.2% in paints 2.1% in the printing industry, and the rest (5.1%) were engaged in miscellaneous industrial activities. The survey also revealed that 30.7% were located in Batina Coast, 18.8% in Capital Area, 16.5% in the interior, 8.9% in Jaalan and Sur area, and the rest is distributed in various areas of the country.

As a result of the heavy support given to the industrial sector during the Second Five Year Plan (1981 - 85) - mainly the financial support in form of interest - free loans and grants, as well as the completion of Rusail Industrial Estate and the provision of its facilities to interested industrialists, the second five - year plan period witnessed a tremendous growth in the industrial sector.

It should be noted that the total number of registered industrial firms include a large number of small firms engaged in activities which may not be considered as manufacturing activities under the proper modern meaning of the term. Accordingly, the classification of industrial firms has recently been reviewed and the industrial register at Ministry of Commerce and Industry has been

Table 1  
Number of Registered Industrial Firms  
(1976-1984)

Year	Total No. of registered firms at the end of each year
1976	445
1977	617
1978	725
1979	862
1980	950
1981	1021
1982	1238
1983	1322
1984	1459

Source: Year Book (Issue No 13 November 1985)

amended. The result is that the present number of registered manufacturing firms is well below the number shown in the official statistics of the Development Council.

#### **Foreign Investments in the Industrial Sector**

The Sultanate of Oman welcomes foreign investments for the manufacturing sector in Oman. Foreign capital invested in industry in Oman will enjoy all the incentives offered by the law for the organisation and encouragement of industry for 1978.

Up to the end of 1985 total foreign investments in the industrial sector in Oman amounted to more than R.O. 23 million, of which more than R.O. 5 million were contributed by citizens of the Arab Gulf Cooperation Council States.

#### **Types of existing industries in Oman**

Existing industries and those which are presently under construction in Oman cover a wide range of medium and small-scale industries that satisfy a considerable part of local market requirements for consumer and intermediate goods. In fact, some of them have actually penetrated some of the neighbouring Arab Gulf markets. Existing and under-construction industries include, the followings: Cement, cement blocks, sand-lime, bricks, marble and tiles, lime aggregates and stones, asbestos-cement pipes, aluminium windows and doors, furniture and timber products, boat building, steel works, coldstores, nails, sign boards, fibre-glass tanks, neon sign boards, plastic household utensils, spare parts, paints, wire fences, readymade clothes, chalks, PVC pipes, fishing nets, industrial gases, animal feeds, liquid soap, plastic bags, printing and stationeries, paper bags, paper tissues, packing of foodstuffs, wheat flour, bread and bakery products, dairy products, ice, soft and carbonated drinks, refreshments, fruit juice, mineral water, vegetable oils and derivatives, tyre retreating, poly products, insulation materials, oil refining, chemicals for car batteries, shoes, electric water heaters, detergents, vehicle batteries, aluminium and stainless steel household utensils, packaging industry (cartons & boxes), pre-stressed concrete, asphalt, steel structures, lubricating oils,

prefabricated buildings, insecticides, perfumes and cosmetics, fibre-glass boats, clay utensils, electric switch boards, fibre-glass reinforced cement and plastic coated wire, etc.

Projects which were studied by the Ministry of Commerce and Industry and distributed to interested parties of the private sector, who later got licences for them include:

Electric distribution panels, electric transformers, lubricating oils, window-type air conditioners assembly, water pumps assembly, perfumes and cosmetics, marble extraction and processing, steel structures, tin-manufacture, fish filleting and freezing, poultry slaughter house, metal furniture, copper downstream industries, car exhaust system, plastic conversion complex, and drilling muds.

#### **III Contribution of the industrial sector to Oman's gross domestic product (GDP)**

Before 1976, the contribution of the industrial (manufacturing) sector to the GDP was negligible. However, things have changed much during the first and second five-year plans. Due to continuous encouragement and support by the Government the industrial sector has achieved an impressive record in terms of its contribution to the Gross Domestic Product (GDP) of the country during the past ten years. Contribution of the industrial sector to the GDP - valued at current market prices - jumped from 4.3 million R.O. in 1976 to about 111.1 million R.O. in 1985. That means the contribution of the industrial sector in money terms, increased by more than 25 times in ten years time. In fact, the growth in the value added to the GDP - reached very high records during the past ten years. For example, the contribution of the industrial sector recorded a growth rate of 73% in 1981.

Consequently, the relative importance of the industrial sector to the GDP recorded a considerable increase during the period 1976 - 1985. In 1976 the share of the contribution of the industrial sector to the GDP was a mere 0.5% This figure jumped to 3.2 by the year 1985.



## AUSTERITY CUTS INTO POWER PROJECTS; FOCUS ON WATER RESOURCES

London MEED (Special Report) in English Sep 86 pp 25-26

## [Text]

ONE of the latest casualties of growing austerity in Oman is a series of major power projects that were to have got under way in the early stages of the third five-year development plan (1986-90). The economic slowdown is expected to result in a drop in demand for power over the next 18 months. Thus, says Electricity & Water Minister Khal-fan Bin Naser al-Wahaibi, no substantial new construction schemes are planned.

Among the few proposals that may make some progress are for a 100-MW power plant at Manah, near Nizwah, and a 700-MW power and desalination plant at Barka. Although construction has been formally postponed, design contracts for Barka may be awarded before the end of 1987, as the government addresses the nationwide problem of water shortage. Detailed design bids were returned in March for the Barka plant — which is to have a water desalination capacity of 18,000 cubic metres a day — and US-financed feasibility studies are being carried out for the Manah station.

The last major power contract was a \$60 million award in March to the US' General Electric to double the output capacity of the 325-MW station on Rusail industrial estate. No new transmission lines are to be built until the end of 1987, says Al-Wahaibi, although work is continuing on several lines for Rusail and for a 26.5-MW station in Wadi Jizzi, near Sohar.

Serious pressure has been exerted on water resources over the past four years: poor rainfall has coincided with a development surge, particularly in and around Muscat, and demand from agriculture has increased. Water consumption in the capital area rose significantly last year (see table page 26), supplied mainly by desalination plants at Ghubrah. Consultants say

plans are still very much alive to build a large, concrete-arch water-storage dam at Wadi Dayqah to serve the city; and wellfields at Seeb and Wadi Adai are being developed. Survey and drilling of the wellfields have been completed, and construction of the first pumping station has begun.

The Public Authority for Water Resources (PAWR) is the sultanate's watchdog organisation for water conservation. The data it collects is used by the Council for Conservation of Environment & Water Resources to draw up water management policies for the government. According to PAWR's deputy technical secretary, Barghash Ghalib al-Said, one problem is that systematic data collection started only recently, and it is still difficult to estimate total water reserves.

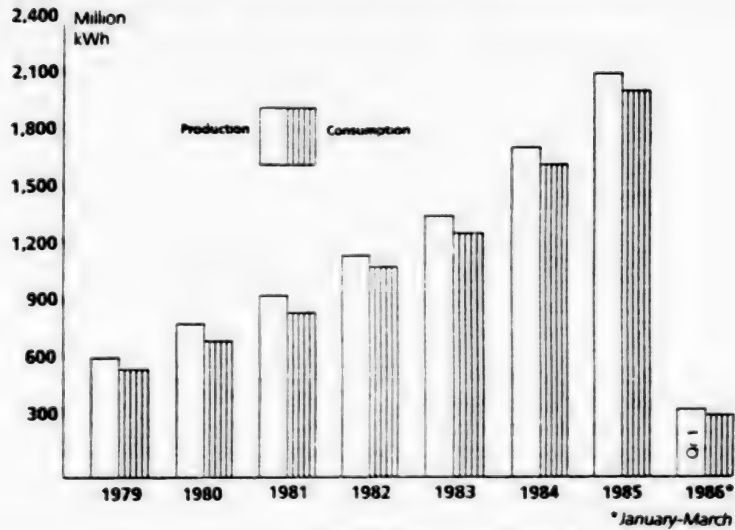
What is clear, however, is that reserves have become dangerously depleted in some areas. Seawater ingress, for example, is a growing problem in aquifers along the Batinah coast, the country's main agricultural region. In some areas, the government intends to build more aquifer recharge dams. Four have already been built out of a total 58 planned countrywide.

Determined to cut down on overpumping and water wastage the government is to restrict the issuing of new well licences and is already heavily committed to the maintenance of the traditional *falaj* (water channel) system. During the second five-year plan (1981-85), a total RO 22 million (\$57 million) was spent on maintenance of 22 springs and about 950 of Oman's estimated 6,000 *falaj* channels, as well as upkeep assistance for around 4,500 wells.

PAWR is helping the government to convince farmers of the need for water conservation measures such as the lining of water channels and introduction of modern sprink-

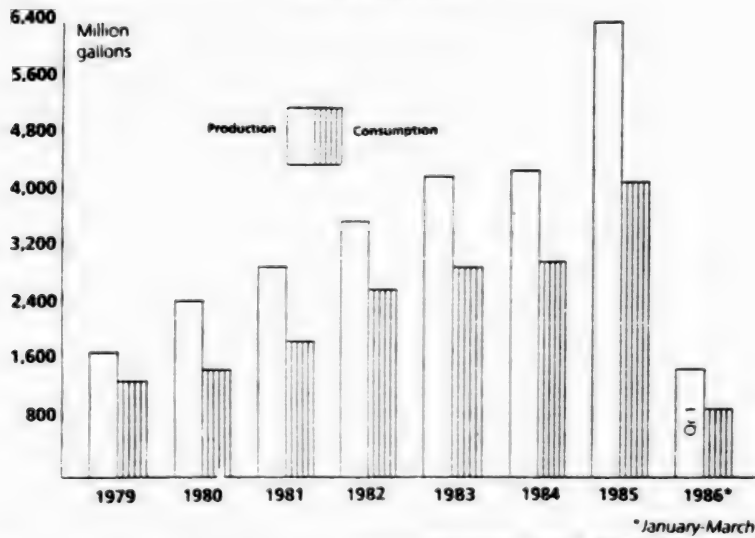
ler and drip irrigation. The Agriculture & Fisheries Ministry is considering the use of treated effluent to irrigate crops, although there is some doubt as to how this idea will be received by Oman's still fairly conservative farming community.

### Electricity: Production & Consumption



Source: Development Council, Technical Secretariat

### Water: Production & Consumption (Capital area only)



Source: Development Council, Technical Secretariat

## CONSTRUCTION OF RURAL ROADS CONTINUES

London MEED (Special Report) in English Sep 86 pp 26, 29

[Text]

SMALL and medium-size contracts are the order of the day in the transport sector as Oman redefines its spending priorities.

Although the dualling of the road to Qurayat and of the main route into the interior to Nizwa may now be postponed, the government seems determined to continue with rural road building.

Projects carried over from the second five-year development plan (1981-85) – like the Nizwa town roads scheme – take precedence in the revised spending guidelines drawn up by the Development Council. Several contracts, each valued at between RO 1 million-5 million (\$2.6 million-13 million), were tendered in the second half of last year, including those for roads in Shinas, Liwa, Sahm, Khaburah, Suwayq and Masanaa, along the Batinah coast. Bids closed in late August for a RO 10 million (\$26 million) road between Kamil (some 50 kilometres southwest of Sur) and Ashkhirah.

Also likely to go ahead is a \$192.5 million maintenance programme for around 620 kilometres of paved highways, and 2,300 kilometres of heavily used roads. A \$30 million loan was approved by the World Bank in autumn 1985.

Petroleum Development Oman (PDO) remains a steady source of small-scale work. Tender invitations appear regularly for contracts worth around \$1 million-2 million to build and maintain graded dirt roads in the company's concession area.

According to a senior Communications Ministry official, construction of a container port at Qurayat is among the major transport schemes to have been shelved. Instead, a feasibility study is to be commissioned on an alternative proposal to build Oman's third commercial port on the Batinah coast, between Muscat and Sohar. The Batinah and Qurayat studies will then be compared to determine which of the schemes is more economically viable. In the meantime, the ministry plans to commission studies on deepening the berths and approach channel at Mina Qaboos, where the handling facilities – with those at Raysut port in the south – are seen as more than adequate to meet present demand.

Although business is tight compared with 1985, there is little cause for immediate worry, says a leading cargo agent. Last year, he explains, was unusually good for cargo because of high government spending at the close of the second plan. Even now the situation is not too bad – more than 50 deliveries were scheduled for Mina Qaboos in July alone.

Passenger transport – by road and air – is one area that is coping reasonably well with the recession. State-owned Oman National Transport Company (ONTC) runs a fleet of 241 buses and coaches, including six luxury coaches fitted with long-distance fuel tanks that serve the new Muscat-to-Salalah route. Almost two-thirds of the company's work

comes from carrying labour to and from construction sites and the remainder from public bus services.

Over the 18 months to the end of June, ONTC's revenues amounted to RO 3.9 million (\$10.1 million), on which it made an operating profit of RO 389,000 (\$1 million). To help compensate for a decrease in construction-related trade, the company put up its fares by around 25 per cent early this year. Although revenues fell away at first, they have now recovered, says general manager Graham Fletcher.

Demand continues to grow for Oman Aviation Services Company's domestic op-

erations. The number of flights and passengers almost doubled between 1982-85, according to the company's 1985 annual report and retained profits for the year were up 16 per cent on 1984 to RO 1.7 million (\$4.4 million).

Of revenues totalling RO 21 million (\$54.5 million), domestic passenger services accounted for 17.6 per cent, air charter services for 32.8 per cent, handling fees for 26.6 per cent, catering for 19 per cent, and aircraft engineering and interest received for the remaining 4 per cent. Much of its air charter income comes from a contract with PDO, involving regular flights to oilfield bases.

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MANY INVESTMENT OPPORTUNITIES SEEN OPEN TO PRIVATE SECTOR

Riyadh AL-YAMAMAH in Arabic 30 Jul 86 pp 14-19

[Article: "How Can We Save 100 Billion Riyals a Year?"]

[Text] The Kingdom of Saudi Arabia imports 85 percent of its needs, while local production meets only 15 percent of total consumption. Each year we import goods worth 100 billion Saudi riyals, i.e. a one with 11 zeros after it--an astronomical figure which reflects the comfortable life lived by the Saudis. Even though Minister of Finance and National Economy His Excellency Shaykh Muhammad Aba-al-Khayl has announced that during the past 9 months of this year the Kingdom's imports dropped by more than 31 percent, saving more than 30 million riyals during that period, nevertheless the volume of imports remains huge by any standard, making the Kingdom one of the largest importing countries in the world.

There is nothing wrong with importing; the problem is that we are resting our weight on a kind of inadequacy or shortcoming by not producing all or much of what we import, especially since the components for producing them are available and state support is unlimited. The industrial investment opportunities in all fields are crying out for private sector merchants, businessmen and industrialists to transform the Kingdom from a consumer country to a producer country. "The place is here and the time is now," as Planning Minister Shaykh Hisham Nazir says.

The question which arises at the start of this issue is: does this "appeal" to the private sector to expand production quantitatively and qualitatively mean that someone has been remiss in his duty to build up this country? The answer is no. According to the fourth development plan, the private sector today contributes no less than 53 percent of the national income.

With state encouragement, the private sector has helped transform the Kingdom from a desert pastoral country into an agricultural, wheat-exporting country. It is the private sector which has increased the number of factories

in the Kingdom from 470 in 1975-76 to about 2,000 in 1984-85, an overall increase of about 325 percent, or a yearly rate of increase of about 32 percent. These are proven figures, not just "newspaper talk," because the speaker is Deputy Minister of Industry and Electricity Engr Mubarak al-Khafrah.

However, these facts and figures do not offset the fact that we export more than we should and produce less than we should. This disparity obliges the private sector to accept the challenge to change the structure of the national economy in the interest of the non-petroleum sectors, and to diversify production sources instead of relying on just one dwindling sector.

At this point, the Saudi businessman or investor might raise one small question: What are the likely, profitable fields in which I and others might invest our money?

This is a pertinent question which the Industry, Agriculture, and Trade Ministries have answered, as have the chambers of commerce and the relevant studies.

There are countless areas, not just tens but hundreds of them, which are crying out for participation by industrial, agricultural and commercial businessmen, because this would first of all benefit the country, and secondly would yield vast economic returns.

There are some amazing facts and figures which have made us raise this issue.

Suffice it to say that in 1983 we spent 1.935 billion riyals to import automotive spare parts, while so far we have not established any factories to produce such items.

Every year we import 100,000 motors, but we have issued only one license to produce electric motors.

Even though we have an advanced iron and metallurgical industry, production at our aluminum plants amounts to zero, as does our tool production.

We don't produce any quilts, blankets, linens, threads, rubber shoes, plastic goods and the like, even though they are simple industries.

Right now we produce enough wheat for ourselves and for export, but we still import 70 percent of the macaroni and spaghetti we need.

We import 94 percent of our canned vegetables and 93 percent of our tomato sauce, even though vegetables are abundant in our country.

We are investing 1 billion riyals in computers on the national level, but we have issued only one license for the local manufacture of computer equipment.

There are countless more examples, all of which prove one fact--that there are hundreds of opportunities in all fields, all of them waiting for private sector investment.



Engr Mubarak al-Khafraha has listed at least seven areas which represent vast opportunities for industrial investment: petrochemical products, metal industries, foodstuffs, chemical industries, marine resources, and canning and packaging, not to mention various other fields from steel windows to staircases.

Studies have also defined other investment fields in four basic branches of the economy covering hundreds of projects: industries based on agricultural produce, industries based on petrochemicals, mining and engineering industries, and paper, clothing and metal products.

In addition, there are investment opportunities offered by the Offset Program and the National Industrialization Corporation.

President of the al-Zamil Group of Companies Shaykh Ahmad al-Zamil says that industrial investment in all areas is essential for the Kingdom, and that it is the private sector's duty to utilize all the infrastructure facilities set up by the state over the past 20 years. In this area we can work to achieve two main goals:

1. utilizing the products produced by SABIC and the advanced petrochemical industries in al-Jubayl and Yanbu', since these derivatives are used in hundreds of various products; and
2. transforming the commercial companies which work with us into industrial companies, so that we can benefit from their industrial experience and they can benefit from us monetarily.

Shaykh 'Abdallah al-Matrud says that the food industries are wide-open to the private sector, especially because of the Kingdom's agricultural boom in recent years.

Linking agricultural and industrial activity can achieve the kind of economic efficiency which will yield good returns for the country and the citizens alike.

Shaykh 'Abdallah al-Rashid says that Saudi experience has built up over the past 20 years, enabling us now to establish and manage large plants and projects. We produce everything, from hard, precise, sensitive drill bits to safety shoes. But this is not enough, because for us to import any given commodity from abroad means that we are unable to produce it at home. As long as we import billions of riyals' worth of goods, this means that there are hundreds of industries which must be introduced into the Kingdom.

The practical translation of these remarks is that we are faced with a group of investment fields which are open to the private sector, fields in which we import billions of riyals' worth of goods every year, even though the basic components for producing them are available here.

Take the petrochemical industries for example. SABIC and the Royal Commission for al-Jubayl and Yanbu' have determined many products which can be derived from first- and second-generation raw materials resulting from basic industries. In short, we have a very advanced petrochemical industry, but we are not making full use of it.

The products of petrochemical industries are used in many conversion industries such as plastics, fiber blends, textiles, detergents, paints, rubber products, fertilizers, insecticides and so forth.

The fact that many petrochemical products are available in the Kingdom is a basic factor in finding more investment opportunities in existing industries, especially since the demand for these industries' products is continually increasing.

Furthermore, some of these products are not produced by the Kingdom at all; the Kingdom's production of such products, and its degree of self-sufficiency, is nil.

For example, suffice it to say that we produce absolutely no polishing or cleaning preparations, nor do we produce any films or sensitive photographic plates, fiber blend threads or textiles, baby bottles, rubber gloves, waterproof materials, or chemically-treated textiles. We don't manufacture any quilts, blankets or linens, neither do we produce rubber shoes, industrial plastics, or artificial flowers, leaves or fruit. Meanwhile, in other industries, such as synthetic outerwear, we have achieved only a 4 percent self-sufficiency rate, and only a 3 percent self-sufficiency rate in the rubber industries.

These figures, which were taken from the list of industrial licenses issued by the Ministry of Industry and Electricity from 1982 to 1984, and from the foreign trade statistics for 1982-1984 compiled by the Ministry of Finance and National Economy, mean that there are huge industrial "vacuums" in many areas in which we produce nothing and depend on imports.

Here are ten examples of petrochemical-based industrial investment areas which are impatiently awaiting businessmen's participation.

1. The synthetic and fiber blend industry, one of the most important petrochemical-based industries, which produces polyester, nylon and polyacrylic fibers. In view of the many uses for synthetic fibers, this industry is considered a very good investment field, especially since the raw materials used for production are available in our country through SABIC. Furthermore, none of these fibers are locally produced at any private sector plant.

The Kingdom imports large quantities of industrial products made of synthetic fibers. Suffice it to say that every year we import more than 50,000 tons of fiber blend threads and textiles, but we don't produce any quilts, blankets or linens which use such fibers, and only one blanket factory license has been issued in the whole country. Furthermore, in 1984 we imported 88,306 tons of carpets made from such fibers. In any case, such an industry is both useful and necessary.

2. The synthetic outerwear industry. Each year we import more than 50,000 tons of such goods, while producing only 2,080 tons of such clothing. This means that we have achieved only a 4 percent self-sufficiency rate, while importing 96 percent of our needs.

3. The [al-fura' al-muhfir] industry, which is one of the chemical industries. We produce 24 percent of our needs, while we import 76 percent of what we want, even though the raw materials to produce this substance are present.
4. The sensitive photographic film industry. We produce nothing at all here, even though SABIC produces the polyvinyl chloride used in this industry. It is, therefore, a good field for investment.
5. The rubber products industry. Here also, SABIC produces the polybutylene from which rubber and rubber products are made, such as rubber threads, ropes, shoes and so forth. We import more than 20,000 tons of such goods each year, and produce only 450 tons, or 3 percent of our consumption. Why?
6. The waterproof ground covering and chemically-treated textile industry. We import 10,000 tons of such goods each year, which we could produce ourselves.
7. The artificial flower, leaves and fruit industry. We import everything from overseas, even though the plastic used in manufacturing such items is available.
8. Toiletries, including toothpaste, soap, cologne, shaving cream, perfumes, shampoos and so forth. Every year we import 700 million riyals' worth of such goods. Licenses have been issued for such industries, but their products have not yet appeared on the market.
9. Bathroom fixtures such as basins, bathtubs, toilets, bidets, bathroom seats and covers. We import about 40,000 tons worth more than 280 million riyals each year, even though the steel and plastics used in their manufacture are available in the Kingdom.
10. Childrens' toys. On the average, we import 250 million riyals' worth of toys, and the importers pay 10 to 50 percent of the goods' value to clear them through customs and transport them to the shops. From the time of import until distribution, about 50 percent is added to the price. Therefore, reducing this huge margin and producing such goods locally would be very advantageous, especially since SABIC can provide the plastics needed for their manufacture. Only four licenses to manufacture childrens' needs and toys have been issued in the whole country.

#### Nails, Towers and the Like

Leaving this field for another one no less important, such as the engineering and metal industries, we also find that the overall figures and indices call for examination and consideration. With respect to aluminum structures such as fencing, bridges and towers, we produce none of these items and import 100 percent of our needs, even though we have an advanced iron and metals industry. Even if we go to an extremely simple industry such as making nails, we find that our entire nail production meets only 14 percent of our needs. The same can be said for stoves and heaters; we produce only 8 percent, and import 92 percent, of what we need. Or, take iron and steel wire, our production of which meets only one-fifth of the Kingdom's needs.

This means that the metal and engineering industries are terrific areas for investment on all levels. We offer the following models, as samples, to whoever is looking for job and investment opportunities.

1. The stove, heater and non-electric cooking range industry. We consume 21,000 tons of such items, but produce only 1,700 tons. Thus there is a 92 percent gap between local production and consumption.

2. Electrical household appliances made of iron and steel, such as containers, basins, candleholders and other tableware. This is a fertile field for investment, because the Kingdom's entire production meets only 21 percent of consumption, with the remaining 79 percent being imported. The Industry Ministry has issued licenses for this type of production, but their status is not yet known.

3. Iron and steel cables. SABIC produces enough metal wire to produce cables, which means that this area offers a good investment opportunity. However, local production accounts for only 12 percent of our needs, and we import the remaining 88 percent.

4. Hand tools, such as knives, saws, screwdrivers, and pliers. We produce none of these items. Why? Because there are no such factories in the Kingdom. We import everything we need, even though the expanding vocational training programs require that these tools be produced in our country.

5. Aluminum household utensils. We produce about 63 percent of what we need and import the rest. But it is possible to expand this industry by making use of aluminum ores from Bahrain.

6. Telephone cables. In 1984 we imported about 165 million riyals' worth. Only one license to produce these cables has been issued, even though copper ore exists in the Kingdom in economic quantities.

7. Spare parts for automobiles and tractors. Every year we import about 2 billion riyals' worth of such parts, even though 43 licenses for manufacturing automotive needs have been issued. This is an important industry, particularly since the number of new cars in the Kingdom is tending to drop.

8. Soldering wire. On the average, we import about 100 million riyals' worth of this item every year, even though it is an industry as simple as it is important.

9. Electric generators. Each year we import 100,000 motors, while only one license has been issued, in Jiddah, for manufacturing motors.

10. Metal rails used for the railroad, military facilities, trailers and so forth. We import between 40,000 to 60,000 tons each year. Why isn't such an industry established in our country, especially since iron ore has been discovered in the northern part of the Kingdom? Also, the needs of the General Railroad Organization, which is planning on extending the existing Dammam-Riyadh line another 3,000 kilometers to Jiddah, must be met.



11. Electric household appliances, such as freezers, vacuum cleaners and so forth, of which we import about 1.2 billion riyals' worth every year. Factories could be established to assemble the parts and components of these appliances, which later could be manufactured locally using the primary and intermediate products of SABIC.

12. Computers and computer attachments. We import from 6,000 to 8,000 such items each year, and the volume of the computer market and the capital invested in it is estimated at 1 billion riyals. Even so, only one license has been issued so far for the local manufacture of computer equipment.

13. Automobile and truck assembly. In 1983, the Kingdom imported more than 1.205 billion riyals' worth of trucks and cars, while in 1984 we imported about 300,000 automobiles worth 8.4 billion riyals. Why doesn't someone set up an automotive assembly plant in the Kingdom, which could produce 100,000 units a year for distribution to the Kingdom and the Gulf?

#### Tomato Sauce, Pickles, and Other Things

Here is a third area in which people never tire of speaking about the vast potentials awaiting investors--the field known as the food industries. This field is important because first of all it links agriculture with industry, and secondly because it reduces the volume of goods which we import which we could produce ourselves. For example, according to last year's figures, the Kingdom's self-sufficiency percentage was only 7 percent for tomato sauce, while our self-sufficiency percentage in canned vegetables was only 6 percent. Even now we continue to import 70 percent of our macaroni and spaghetti, even though we are self-sufficient in wheat production. We import 78 percent of our pickles, even though this industry is so simple. The same goes for light snacks such as potato chips, corn flakes, and roasted nutss, of which we import about 7,000 tons, worth more than 11 million riyals, each year.

#### Furniture, and Paper Too

Besides these numerous fields for investment, there are other fields such as:

1. The furniture industry. In 1983 the kingdom imported 2.665 billion riyals' worth of furniture, and 3.408 billion riyals' worth in 1984. There are vast potentials for manufacturing metal furniture from the metals and plastics provided by SABIC, for furnishing hospitals, for example.

2. Paper products. In spite of the diversity of locally-made paper products, huge amounts are still imported--more than 70,000 tons a year, worth more than 250 million riyals.

3. Mining-based industries, especially now that many industrial metal ores have been discovered in the Kingdom.

In addition to all these fields, taken from specialized studies, Engr Mubarak al-Khafraah mentions other fields which are seeking investors, including iron and silicon windows, industrial fibers and textiles, assembling small trucks,

transmissions, diesel engines, medical preparations, travel needs, ready-made clothing, special fibers, heat-resistant materials, particular chemical substances, automotive needs, non-precious metal castings, conductors and electrical parts, telephone and telegraph equipment, steel sheets and plates, lifting and carrying equipment, plywood, formica, switch oils, automotive headlights and batteries, and scores of other products which we import even though we could manufacture them.

#### The Offset Program

Add to all of this the investment opportunities provided by the economic offset program, which is aimed at setting up high-tech industries to help expand the Kingdom's industrial base, through joint projects with foreign companies and with Saudi companies and organizations. This program includes many industries, including electronic, electrical and mechanical industries such as electronic boards, communications equipment, navigation equipment, radio and television transmitters, helicopters, light bulbs, and medical equipment.

Then, finally, come the opportunities provided by the National Industrialization Corporation, a joint stock Saudi company which was established with state encouragement in order to invest in various local industries. The private sector helps finance this corporation.

These are all just "samples" with facts and figures on the various fields of industrial, agricultural and commercial investment. We have devoted ourselves primarily to the industrial sector, which is a wide-open field with tremendous economic returns waiting only for businessmen and the private sector to invest in it.

The Kingdom's development strategy is based on a policy of making it possible for the private sector to pursue many economic concerns in the country, and keeping the government out of any economic activity that could be undertaken by the private sector.

The state has established industrial cities, granted billions of riyals in loans, and built the most modern infrastructure, from airports, ports and roads to telephone networks and power plants. All of these factors have helped achieve economic growth on all levels.

The state has enshrined the concept of "the industrial option" as an irreplaceable challenge for building up the country. Industry is its future, and the enlightened government which has consecrated this option is a government which springs from the hearts of the people, as His Majesty King Fahd bin 'Abd-al-'Aziz has said, and which is no less than the sum of its individual members. The commercial leaders, industrialists and businessmen must think well of the people and must work with the state to achieve the aspirations of this beloved country. Are they doing so? Yes, for the place is here and the time is now.



## SYRIA

### BRIEFS

INCREASED IMMIGRATION TO GERMANY--On Tuesday, 26 August 1986, the Agence France Press in Damascus distributed a news item to the effect that an increase in the number of Syrians arriving to request entry visas to West Germany prompted an official of the German embassy to contact the agency to inform it that the authorities of his country would like to remind everyone that West Germany "is not a country for immigration." The official explained to the agency that the embassy in the last weeks has received hundreds of requests and that some of those turning in requests set out all their belongings hoping to immigrate to West Germany. The official pointed out that his country now has approximately 2 million unemployed, that it is not possible for any foreigner to obtain a work permit, and that anyone who enters West Germany must leave it as soon as his period of stay ends. [Text] [London AL TADAMUN in Arabic 6-12 Sep 86 p 12] 13013/12781

CSO: 4404/515

## BRIEFS

SHIPMENTS FROM KUDREMUKH--Bangalore, Sept. 3. The first shipment of iron ore pellets from the Kudremukh Iron Ore Company's trial production was made on Tuesday. The ship, m.v. Malini, with 25,000 tonnes of pellets, left the New Mangalore Port for Hungary. Another ship, m.v. Tonic Santol, is loading for China. All is now set for final commissioning and commercial production of pellets by October--and at the three-million tonne capacity plant at Mangalore. The plant is planning for production of direct-reduction grade iron ore pellets--the ideal feed for gas-based steel plants. Samples of Kudremukh pellets have been sent to, among others, to Malaysia, Indonesia and Qatar for tests at direct reduction plants in these countries and bulk orders are expected. [Text] [Madras THE HINDU in English 4 Sep 86 p 12] /13046

SENIOR MILITARY TENURE--The Government has revised the service tenure and retirement age of senior naval and air force officers, reports UNI. Under the new scheme a Vice-Admiral or Air Marshal would continue to have a tenure of four-years or remain in service till the age of 58 years, whichever is earlier. But, if a Vice-Admiral is appointed Vice-Chief of Naval Staff or Flag Officer Commanding-in-Chief, he would only retire after completing a four year tenure on such posts or attainment of 58 years of age, whichever is earlier. Air Marshals appointed as Vice-Chief of Air Staff or Air Officers Commanding-in-Chief will also have similar service tenures. This new dispensation does not imply, however, that the Vice-Admirals and Air Marshals would remain in service beyond the age of 58 years, which is the maximum age of retirement prescribed for this rank. Rear admirals in the navy will now have a four-year tenure or will retire on attaining the age of 56 years, whichever is earlier. No Rear Admiral, however, will retire before completing 54 years of age. This change, which has been designed to bring about uniformity in the ages of retirement in this rank in the three services, will not however, affect presently serving rear admirals. [Text] [New Delhi PATRIOT in English 2 Sep 86 p 5] /13046

AIRCRAFT SALES DENIED--Harare, August 31 (PTI): India today denied it is intending to supply MiG fighter aircraft to Zimbabwe. A spokesman for the Prime Minister, denying reports of the purported sales of the planes, said "Mr. Gandhi has clarified the position in his interview today to the Zimbabwe TV." Mr. Gandhi had said he had discussion on military assistance or supply of arms with the Zimbabwean Prime Minister. Asked what would be his reaction if there be such a request, he said: "We have to think about it." [Text] [Bombay THE TIMES OF INDIA in English 1 Sep 86 p 1] /13046

WHEAT FOR DPRK--New Delhi, August 31 (UNI): India will be entering into countertrade with the democratic people's Republic of Korea, linking its wheat export for purchase of zinc on a long-term basis. Giving this information, Mr. I.P. Hazarika, executive director of the Mineral and Metals Corporation of India, said that the latest in the line of success in MMTC's countertrade effort has been the barter deal with North Korea for sale of 100,000 tonnes of wheat linked to 16,000 tonnes of zinc. He said the deal was clinched last month. Mr. Hazarika said India sold its wheat at \$125 per tonne. This is significantly higher than the ruling international price. Apart from the favourable price aspect, India was able to sell a part of its surplus wheat. An interesting part of the deal is that the first instalment of 4000 tonnes of zinc, which has been shipped from north Korea, has already been sold to a company in Europe at a good profit. [Text] [Bombay THE TIMES OF INDIA in English 1 Sep 86 p 6] /13046

NEW CHHATRA PARISHAD--Calcutta, August 28: The 33rd anniversary of the "Chhatra Parishad" today saw its split and the formation of a new students' body by the former Union finance minister, Mr. Pranab Mukherjee, and his associates. Dr. Sisir Bose, MLA, claimed that the new one was the real parishad. The new Chhatra Parishad observed the anniversary with a crowded meeting held in an auditorium in north Calcutta. The main speaker was Mr. Mukherjee. He called upon the students to begin a "cultural revolution" which should aim at crushing the "elitist culture of the present in which a person who has had the advantage of western education considers himself superior to others." Quoting from Fidel Castro and Ho Chi Minh and urging students to spread literacy among the masses, he pointed out that 54 per cent of Indians would remain illiterate even when the country steps into the 21st century. He added: "Each of you must take it upon yourself to teach another how to read and write." He also insisted that the new Chhatra Parishad should retain its own identity, as the parishad had done during the days of the naxalite movements, and not allow itself to lapse into a "launching pad for a few ambitious politicians." Two other Chhatra parishads observed the day and the organisers of each claimed they were the real parishad. One of these was organised by Mr. Subrata Mukherjee, Congress MLA, at which the PCC chief, Mr. P.R. Das Munshi, spoke. [Text] [Bombay THE TIMES OF INDIA in English 29 Aug 86 p 9] /13046

REBEL COMMUNISTS' PLANS--Calcutta, Aug. 29: The breakaway groups from the Communist parties are likely to launch a national party soon. As a first step in this direction, a three-day conference organised by the Communist Unity Centre will be held in Calcutta in November. On paper the convention is being held to formally ratify the merger of three splinter communist parties--Marxist Forum, Gana Sangram Prasthithi Committee and the Marxist Anuseelan Committee--with the Communist Unity Centre. But the convention will be attended by top CPM dissidents like Mr M.V. Raghavan from Kerala, Mr S.S. Srivastava from Uttar Pradesh and Mohan Punamia from Rajasthan. Dissident CPM and CPI workers from Bankura, Murshidabad and north Bengal are also likely to attend the meeting. The conference will formally discuss the ways and means of a merger of splinter communist parties all over the country and also the chances of forming a broad-based national front against the CPI(M). [Text] [Calcutta THE TELEGRAPH in English 30 Aug 86 p 1] /13046

CSO: 4600/0017

## IRAN

### BAZARGAN'S FREEDOM MOVEMENT VIOLENTLY ATTACKS KHOMEYNI

London KEYHAN in Persian 18 September 86 pp 1, 11

[London KEYHAN weekly in Persian; founder and publisher Dr Mesbahzadeh]

[Text] Did the Prophet of God go to his enemy to procure arms and purchase the needs of his army from them?

The freedom movement has sent a message to Ayatollah Khomeyni, the leader of the Islamic revolution, which was dated Shahrivar 1365 [23 August-22 September 1986] and was published in Iran in the form of a small pamphlet.

This letter is published in 16 full pages in very small print, and we point out its important parts in this issue.

#### Those Without Knowledge of the Koran Have Become Rulers

Part of the introduction to this book, addressing Khomeyni, states: "In our opinion, many of the misinterpretations and deviations that have appeared in the newfound Republic are the result of a lack of attention to and familiarity with the Koran by those who are in charge of the people's affairs." It then adds:

". . . When, as Iranian Muslims, we feel that our country is going on the wrong course towards a precipice, that our Islam has been subject to dangerous misconceptions, and that this religion of peace and mercy is presented to the world in the form of anger and hostility, we cannot remain silent, waiting to be saved by the unknown, and prefer comfort to God's contentment and worldly danger.

". . . On the other hand, the leader of the revolution, by holding the title of the supreme commander of the armed forces, considers all authority and decisions concerning the war to be his, and has determined that the main and ultimate goal and program of the revolution and the regime is to fight Islam's war against global heathenism and the belligerency of the oppressed against the oppressors until decisive and full victory is attained, accepting the elimination of all human and economic resources. At the same time, those in charge, the officials and agents, are either mesmerized or frightened and obedient before you; they do not find the courage to insist on expressing

their opinions and corrections. For this reason, the Freedom Movement has taken on this responsibility and claims the right to inform the leader directly of its views through this letter, and by publishing it, to bring about the awareness of the beloved compatriots, who are the main investors and decision makers.

". . . Many of the people want us to ask you: Seven years ago, when they chose you as their leader, what did they desire and what were they looking for? Did they want anything other than to achieve security, freedom, and development in the shadow of an Islamic government which observes and implements mercy and kindness? At that time, in the statements of the leader of the revolution and the slogans of the people, was there any reference to sacrificing freedom, development, security and the lives of a nation to carry out a series of ill-intentioned global missions, or has Islam essentially given such a mission to the faithful?"

The letter of the Freedom Movement then points out numerous issues, which we will mention in summary in this issue.

**We Oppose War, Because its Profit Goes to the Superpowers and Harm to This World and the Next World of Muslims**

We interpret the slogan of "war, war to victory" as "war, war to annihilation." . . . In our prior publications, we pointed out that the continuation of the Iran-Iraq war after the conquest of Khorramshahr was the greatest gift and success for the superpowers and Zionists, and "it is in the interest of the heathens, regardless of which side has more casualties." . . . We have been caught by our own doing in the deadlock of the "imposed war, imposed peace" and before thinking about our interests and fate and the contentment and wishes of God, at every moment, we escalate the flames of enmity and obstinacy and nurture the love of martyrdom in hearts as a principle and a goal and not as a means. . . If this imposed war and its imposed continuation were not the wishes of the superpowers and their satellites, they could easily, at any given moment, stop it by refusing to deliver tanks, cannons, MIGs and missiles. But we see how skillfully and cunningly they have kept both sides between fear and hope, and by opening the OPEC faucets and dollar bags and moving us about on the battle fronts, they enjoy their handiwork. . . Fear the day that your power, superiority, wealth and capability is given such a blow that you are forced to submit to a truly imposed peace and the story of hostage-taking is repeated, a hundred times more damaging and calamitous.

**We Do Not Worship the Homeland and the Nation, But Consider the Love of Homeland To Be a Requirement of Faith**

The Freedom Movement has never been a worshipper of the nation and the homeland. Like Ebrahim Hanif, we want to support the truth and be Muslims and in accordance with the instruction of our Prophet, we consider "love of homeland" a requirement of faith and being a Muslim.



. . . We consider Islam the school of struggle. But in addition to being a school of struggle, we recognize it as a generative school and a constructive and positive system which nurtures peace and health, forgiveness, love, mercy and service for advancement and growth, and hinders enmity, aggression and hostility in human beings.

#### Continuation of the War in its Present Form Is Contrary to the Koran, the Prophet's Tradition and the Attitude of the Imams

Another part of this letter states: ". . . Movement from one country to another in order to overthrow its government and exporting revolution through coercion are permitted neither by the Koran nor tradition. The Koran and tradition aside, the Islamic Republic, which has signed international treaties and in signing them has implicitly accepted their not being in conflict with Islamic laws, is obliged to be steadfast in these commitments, in accordance with the laws of the Koran, and must avoid any sort of interference in the internal affairs of other countries. Here, we must say that the conspiracies of the superpowers and of foreign enemies can be fought only if we become self-sufficient, productive, and inventive in the economy, industries, and sciences and become a manufacturer and possessor of new arms, equipment, and facilities. Otherwise, and while we sell oil--that is, our national capital--to the industrial countries of the world, and through intricate deceptions, buy the needs and weapons from these countries directly and indirectly at several times the market price, it is impossible to win the war against the superpowers and their satellites, unless, in order to attain victory in war against one of them, we become dependent and submit to its political, ideological and military rival, which in itself is in conflict with our purpose."

#### Only Being Killed for God and in Accordance with the Tradition of the Prophet Can Be Considered Martyrdom

You have pointed out frequently that war must continue to the borders of martyrdom and meeting God. . . In this regard, one must sincerely say that meeting God, being accepted by God, and the martyrdom that is like life and nourishment before God are contingent firstly on being on the path of God, that is, in accordance with the rules of the Koran and the tradition of the Messenger of God and His pure honor. Holy war on the path of God, for which martyrdom is the great light of God's face, is war in defense of religion, land, the nation and homeland, up to the stage of eliminating conspiracy and ejection of the enemy from one's home, and avoiding aggression. Other than this and more than this is to satisfy personal vendettas, following one's sentiments and emotions, and deviation from God's restrictions, and is cruelty to the self, which is prohibited, and deprives one of God's contentment and meeting God. . . The Freedom Movement considers "war, war to victory," the stages of which we have witnessed for some time, to be detrimental for this world and the next for the nation and government, that is, the elimination of the valuable young people of the country and the destruction of the products and facilities, and condemns it as corrupt.



## Unconditional Rejection of Peace Proposals and Prohibiting Negotiations Are Contrary to God's Law, the Tradition of the Prophet, and the Ways of the Imams

The Commander of the Faithful, in his well-known treaty with Malek Ashtar, addressing this brave commander, emphasizes and clearly states that he should not reject the enemy's peace proposal and adds: "Often the enemy comes closer to taking you by surprise. Therefore, after peace, it is necessary to be far-sighted and careful and avoid optimism and complacency."

Hence, it becomes clear that the requirement of obedience to God's command and the tradition of the Prophet means to have trust in and rely on God and to have no fear of the enemy's ruse. In the event of the enemy's ruse and repetition of aggression, the same people who sincerely offered their lives with so much self-sacrifice will once again, more decisively, more equipped, and more prepared, be ready for defense. This is the assurance and hope that God gives to his messenger in numerous verses.

Those who take the insistence of the Freedom Movement to end the blood spilling and destruction as a sign of weakness, compromise, or being in line with Saddam 'Aflaqi or the American Reagan are either ignorant of the existing conditions of the country or have ill intentions. Is it not theologically contrary to the text to say that "peace with criminal Saddam and recognition of the Ba'th government is to lose the dignity of Islam and make Iran captive forever in the claws of the superpowers"?

## A Theological Guardian Is Not Higher than a Prophet; Despite His Revelations and Purity, the Prophet Consulted

It is heard that the officials in charge, the ones trusted and near to you, who have told the leader of the revolution about the horrible and destructive consequences of the continuation of the war with fear and hesitation, have all confronted negative responses, silence or anger.

We have heard that you have told the high ranking officials: "If you are tired, leave; I will appoint others."

You have also responded to the theological teachers in Qom: "While I am alive, under the existing circumstances, do not speak of peace and ending the war; later, it is your problem." And we also know gentlemen who have had no chance to engage in discussions and have been disappointed and then have lost the courage to raise the issue, analyse or warn against and, therefore, assume a posture of agreement as propagators. Of course, your steadfastness, constancy, and obstinacy indicate your decisiveness and willpower and are reasons for your success, which can be acceptable in approved management and certain affairs; but in great tasks and general responsibilities of the scale of a nation of 40 million people, refusing to pay attention to views and advice is indefensible and is considered dictatorship.

This issue, with its greatness, and the military, political, economic, social and even religious problems, as well as its six-year course, is more complex and requires more responsibility than can be handled by any individual who is

neither immaculate nor a receiver of revelations, no matter how aware and watchful. No individual is able to, single-handedly and without any attention to the views of others, make determinations and decisions, to issue orders and assume a position that is that of the divine.

In fact, the affairs of the exemplary Islamic society, which has been described in the verse "Let consultation rule among you," are managed through the cooperation of everyone, with consultation, not individual leadership. How will Your Excellency accept the weight of this huge political responsibility, particularly its divine and religious superhuman consequences, on the Day of Resurrection? Has the Constitution granted the leader such a duty and right or have God's law and the Koran specified it? /Is "our Excellency higher than the revered Prophet?/ [in boldface] That perfect individual, the possessor of all possibilities and complete human knowledge, who had a revelation from God and purity at his disposal and as support, in accordance with "consult in your affairs," in managing the nation and the affairs of the war, consulted with the faithful, from the lowest to the highest, from the supporters to the opponents, members of the "Qoreysh, the Ethiopians and Iranians." /Is religious guardianship a phenomenon and a claim above prophethood?/ [in boldface]

Taking God, the people and history as witnesses, the Iranian Freedom Movement gives its ultimatum and emphatically asks the leader of the revolution to consult with the people about the war as soon as possible, or leave the task to the legal channels and the opinions of the true representatives of the people and the Supreme Council for Defense in accordance with the Constitution, so that any proposal that they make is announced in accordance with Paragraph E of Article 110, or, if this is not possible, to invite a group of experts of his choice who are also, if possible, trusted and known by various strata of the society as well as high-ranking officials. Also, we ask him to invite representatives from the Freedom Movement and the political groups, including nationalistic and religious groups, and then, by announcing freedom of expression and guaranteeing security, ask their opinions and assume his position with consideration for the consultation and related studies.

The Iranian Freedom Movement

Shahrivar 1365 [23 August-22 September 1986]

10,000

CSO: 4640/06

SHAH'S SON TALKS ABOUT FUTURE PLANS, KHOMEYNI DOWNFALL

London KEYHAN in Persian 4 Sep 86 p 16

[London KEYHAN weekly in Persian; founder and publisher Dr Mesbahzadeh]

[Text] My aim is to create an atmosphere of general amnesty in Iran.

--The movement was not against monarchy but was a movement for the complete execution of constitutional law.

--We will not forgive those wealthy people who do not help the campaign.

--The USSR and the United States must not be uneasy about the return of constitutional monarchy to Iran.

"I want monarchy for Iran, not Iran for monarchy."

With this sentence, Reza Shah II summarized his political views on a lengthy interview with EL PAIS (THE COUNTRY), one of the largest newspapers in Spain.

At the beginning of this interview published in the 10 August issue, EL PAIS writes: "The young Shah of Iran, 1.83 meters tall and weighing 78 kilos, looks like an athlete but his black and deep eyes seem sad."

The young Shah of Iran maintains a historic responsibility to return Iran to a government of law and to free the country from the present turmoil.

He says: "I consider myself a peace-loving person and I like Persian poetry, especially the poems of Ferdowsi, Sa'di, and Hafez and also Iranian mysticism and I am deeply interested in art."

Meanwhile, he emphasized that his greatest duty, a duty which reflects everything, is his campaign for the establishment of democracy in Iran. The young Shah states: "Democracy can only return to Iran through the execution of constitutional law. Executing the constitutional law and describing its context is my responsibility."

In his interview with EL PAIS, the young Shah explains his plan for the liberation and reconstruction of Iran in five stages:

1. Return to constitutional law.
2. Complete execution of this law.
3. Establishment of order and security throughout the country.
4. Establishment of an interim government for parliamentary elections.
5. Putting the country back to normal.

In his interview with the Spanish newspaper, Reza Shah II added: "The most important question is the guarantee of legal democratic freedoms. All parties must have freedom for their activities in order for all of the people to participate in the political life of the country. The role of the monarchy is to use efforts to create and protect this condition."

The young Shah states: "The best example of this is the Spanish monarchy and the king of Spain. His Majesty Juan Carlos watches over the execution of constitutional law without interfering in government affairs and the activities of the parties."

The EL PAIS reporter asked the young Shah: "What is the likely reaction of the Soviet Union and the United States in regard to the return of monarchical rule in Iran?"

The young Shah answered: "That is their business. My concern is that I must say that Iran must not become an encounter between the Eastern and Western blocs. The Soviet Union and the United States must not be uneasy about the return of constitutional monarchy to Iran. Our democratic regime will not take any action against any of the two superpowers. Any nation is entitled to have accords and unity in its own interests with whomever it desires."

He added: "I have to mention the point that during the reign of my family, the best relations existed between Iran and the Soviet Union. The Soviets must feel more uneasy about the establishment of an Islamic Republic in Iran than the return of monarchy to my homeland."

In regard to the future relations of Iran with Israel and the Arab countries of the Middle East, Reza Shah II said: "Iran must have good relations with all the countries of the region and help safeguard the stability of this region. The foreign policy of a tranquil and stable Iran is based on mutual respect and cooperation with all nations. Any country which accepts our just interests can have the best of relations with us."

#### Khomeyni's Trial

The EL PAIS reporter asked Reza Shah II: "If you face Ayatollah Khomeyni, what will you tell him?"

The Shah answered: "What can one say to a person like him? He is a person that cannot and does not want to understand. I will tell him that the country

must not be administered according to your method. Your method has driven our country to desolation. Wake up before it is too late!

"Khomeyni completely denies the principle of national sovereignty and steps on individual and social freedoms. Khomeyni's rule has led Iran to isolation and his regime's participation in terrorist activities. The only way to negotiate with the Khomeyni regime is to get rid of it. If it was possible, I would choose another solution, but at present there is no other way except fighting against the Khomeyni regime."

The EL PAIS reporter asked Reza Shah II: "Why has the revolution succeeded?"

The Shah answered: "The movement in Iran was not a revolt against monarchy, but was a movement for the complete execution of the 1906 democratic constitution. By downplaying the real reason for the revolution's victory, Khomeyni is making a great mistake. For him, the goal justifies the means. He wants to administer Iran like a village of 500 in the 12th century and this is impossible. In order to continue his rule, he does not have any other choice except to use force, harshness, and terror. During 6 years of his rule, the infrastructure of the country has been demolished. He has not been able to solve even one of the internal problems of our homeland."

The Spanish reporter asked: "Are you going to take Khomeyni to court?"

The Shah said: "No one knows what will happen. In any case, Khomeyni is the conductor of the orchestra. Certainly one cannot put all the blame only on him. My aim is to create an atmosphere for a general amnesty in the country in order to change the situation. Certainly the criminals will be punished. But I hope after a short time, we will be able to fall on the path of reconciliation and national understanding and lead Iran again to its previous stability."

#### The Iran-Iraq War

The EL PAIS reporter asked: "Will the Iran-Iraq war end by military means, political means or arbitration or a mixture of both?"

The Shah answered: "The best formula that exists is a return to the 1975 Algeria accord. Saddam Huseyn has also signed this accord. Only in this way can we bring sensible peace between Iran and Iraq. The forces of both sides must be pulled back behind the international borders."

In another part of his interview, the young Shah remembered that on the first day of the Iraq attack on Iran on 20 September 1980, he volunteered to join the Air Force of Iran and defend his homeland. He also stated: "I think Iran and Iraq are the victims of a personal dispute between Khomeyni and Saddam Huseyn. In order to continue his political life, Khomeyni wants to continue the war. The continuation of the war is an obstacle in the path of armed forces action."



In this interview, Reza Shah II complained that only a few wealthy Iranians have helped the campaign against the Islamic Republic a little. He said: "Those wealthy people who do not help this campaign, have in fact declined to pay their debts and we do not forgive them since they do not deserve forgiveness."

The young Shah also stated that agents of the Islamic Republic through the international news media in the last 7 years have exaggerated the personal wealth of Iranians residing abroad which has nothing to do with the truth.

9815/9365

CSO: 4640/491



## IRAN

### TEHRAN SAID TO BE ONE OF SEVERAL MAIN TERRORISM CENTERS

London KEYHAN in Persian 18 Sep 86 pp 1, 13

[London KEYHAN weekly in Persian; founder and publisher Dr Mesbahzadeh. Interview with French writer and Islamologist (Peronsel Huguz); interviewer, date and place not specified]

[Text] (Peronsel Huguz), the distinguished French writer, is a high-ranking Islamologist, who has a deep understanding of Middle East issues, the Arab-Israeli conflict and the ethnic and religious problems in Lebanon. So far, he has written two books in his specialized field, the first of which is called "A Cross Over Lebanon" and has been well received by readers. The second book, entitled "Mohammad's Rescue Log," has secured his reputation.

(Peronsel Huguz) has a great deal of interest in Iranian culture, history, cinema and literature and says: "I enjoy Persian literature."

(Huguz), who travelled to Iran several times before the revolution, says concerning our country:

"Today as well, I can well visualize the saddening picture of disturbed and distraught Iran; but I say to myself: We must be hopeful that the ancient Iranian nation, which has been able to save itself every time from the whirlpools in its magnificent history, will be able to become victorious this time as well in fighting for freedom, and once again step on the path of progress and development."

[Question] Your latest report concerning the Iranian problems, which was published in LE MONDE, was an interview with Ayatollah Shobeyr Khaqani. Were all the statements you published made by Ayatollah Khaqani?

[Answer] I think that I have reflected the main aspects of the statements of Ayatollah Khaqani in LE MONDE. But if I had had more space in the newspaper, I could explain in more detail his statements concerning the material and spiritual assistance that the movement of the emulators of Grand Ayatollah Abolqasem Kho'i is prepared to provide for all Iranians opposing the present regime.

In that interview, Ayatollah Khomeini mentioned several times that the movement of the emulators of Ayatollah Khomeini is not political. At the same time, he pointed out and emphasized that it is a "national" one, which in my opinion can be regarded as similar to the movement of the religious leaders of Iran in the 1890s against the Qajar kings.

The main characteristic of the 1890s movement was that the struggles of the ayatollah at that time were by no means to gain personal power and, in my opinion, in the present struggles, Ayatollah Khomeini follows this tradition. It is a struggle to save the homeland from the present situation, and its control will immediately be in the hands of competent nonreligious leaders.

[Question] In your opinion, what kind of person is Ayatollah Khomeini and in which direction do you think his political tendencies lean?

[Answer] Despite his youth, Ayatollah Khomeini seems very cultured, far-sighted and punctilious. Although my interview with him lasted several hours, I cannot judge him more than I have, because this would require more familiarity with him. His full knowledge of Arabic and Islamic literature is particularly noteworthy. Also, he believes in following several instructions of the Koran to Muslims, among which is the verse of "there is no coercion in religion," which today is not heeded very much by the leaders of the Islamic countries, including the Islamic Republic, and also such countries as Pakistan, Saudi Arabia, and Libya.

I Wish He Would Leave Iraq

(Huguz) added: "In my opinion, the greatest weakness of this young ayatollah is that he generally lives in Iraq, that is, in a country that is at war with Iran. Even if the movement of the emulators of Ayatollah Khomeini have no affiliation with Iraq, it might still leave some room for doubt in the minds of some people. Obviously, the residence of Ayatollah Khomeini in Najaf, who has lived in that city for a long time, is quite natural; but in my opinion, the leaders of the emulators must live outside Iraq, in one of the European countries, for example. In the same way, in my opinion, it is not at all proper for Prince Reza Pahlavi to live in the United States, because it will damage his reputation and freedom to act."

(Huguz) said: "Concerning the tendencies and political choices of Ayatollah Khomeini, I do not have much to say, because he did not speak of much other than his strong opposition to the present regime, and generally emphasized being apolitical. Nevertheless, I must say that from what he said, I gathered that he prefers a monarchical, parliamentary Constitution to any other regime for Iran, in other words, a regime in which there is freedom for political parties and syndicates, in a free economic system with some controls by the government. In regards to the political system of Iran in the future, Ayatollah Khomeini spoke very little. But from all he said, it seems that he supports the policy of complete nondependence on the superpowers. The policies of Mohammad Reza Shah towards the end of his reign were tilted too far towards the United States; but the Americans gave him no assistance and left him alone in the storm of the revolution. It can be said that a positive

aspect of the government of the Islamic Republic is its de Gaulle-like attitude towards the leaders of Washington and Moscow: in other words, no political dependence and no close cooperation with either. For my part, I hope that tomorrow's Iran will preserve this aspect of the revolution and expand its relations with moderate Islamic governments and Western European countries, particularly France, which has played a major role in the past in modernizing Iran.

[Question] Do you also think, as Ayatollah Khomeini does, that Tehran is the main center of terrorism?

[Answer] I think that Tehran, without being exclusive, is one of several major terrorist centers from which terrorist commandos are dispatched to Lebanon and other countries of the world. But it must be said that there is no absolutely convincing evidence available to support this view, except in regards to Lebanon. On the whole, I do not think that such terrorism is managed under the command of one person. But I can say that terrorist attacks against Western countries in the name of Islam bring a great deal of satisfaction to the leaders of Moscow. Also, I should mention that, unfortunately, such attacks prove to be detrimental to the honor and dignity of Islam, and Westerners say to themselves that this is the same old Islam as when Muslims divided the world into the "land of Islam" and the "land of war," on the basis of which any action was considered proper against the people of non-Muslim countries. The duty of the emulators of Ayatollah Khomeini is to show that Islam, too, has changed, along with the whole world, and no longer needs holy war to advance its philosophy.

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CSO: 4640/05

ROLE OF QASEMLU'S PRO-IRAQI KDP CONSIDERED TREASON

London KEYHAN in Persian 4 Sep 86 p 6

[London KEYHAN weekly in Persian; founder and publisher Dr Mesbahzadeh]

[Text] In an interview on 23 August with the LONDON TIMES, Abdol Rahman Qasemlu, leader of the Kurdistan Democratic Party, discussed some subjects which must be brought to the attention of the patriot forces and constitutionalists.

The interview indicated that for the last 7 years since the beginning of the 'Great Terror' chapter in the contemporary history of Iran, Qasemlu has perceived some facts. In some other areas, he is still captivated by the romantic imagination of the professional revolutionaries. The most important fact perceived by Qasemlu is that the Iranian Kurds will never be able to solve their problems and attain autonomy as long as they are separated from other Iranians. The logical result of this fact is that at present, the Iranian Kurds must use all their power with the power of other Iranians in the same direction.

The same direction is the only way for the freedom of Iran and the restoration of national sovereignty. In another sense, the nation must first be freed from the existing rule that treats it as a minor nation and as a result, makes it unable to choose its own destiny in order to carry out other affairs. Qasemlu and his friends announce the slogan "Freedom for Iran and autonomy for Kurdistan." But under the present conditions of the country, only the first half of this slogan, "Freedom for Iran," can be discussed since Kurdistan can never think about autonomy inside the walls of the big political prison called the Islamic Republic.

But Qasemlu is still not prepared to accept the logical conclusion of the analysis that he himself has presented and pave the way for the cooperation and collaboration of his party with the forces of the constitutionalists and progressives who are fighting for the return of national sovereignty. In the history of political campaigns, it has been seen that a party or a movement becomes captive to its own slogan and deviates from the path of truth.

The leader of the Kurdistan Democratic Party has also realized another important subject and that is that the leftist groups in Iran cannot be liberal and democratic.

Qasemlu has gained this experience after years of cooperation and then confrontation with all kinds of communist groups and parties from the pro-Soviet Tudeh Party to the Maoist Komleh. But what led him to this conclusion was his bitter experience with the Mojahedin-e Kalq of Mas'ud Rajavi. For five years, Qasemlu tried to treat a group which had become a religious sect like a political organization. He finally realized his mistake and found out that Rajavi had changed the Mojahedin-e Khalq from a serious political movement. It can be stated that Qasemlu did not have to waste years before realizing the true nature of the communists on one side and the reality of the existence of the Rajavi worshippers on the other side. Our purpose in this article is not to fight with Qasemlu. Our aim is to help him bring his party out from the present isolation and gradually place it in the direction of the campaign for the establishment of a government of the people.

Placing Qasemlu and his party in this direction faces a basic and fundamental obstacle: Qasemlu and his party have placed themselves in close cooperation with the Ba'ath regime of Iraq.

With repulsive pride, Qasemlu claims that his Pishmarga organization has prevented 200,000 Iranian soldiers from participating in the war with Iraq!

At present, two basic questions ascertain all the judgements about the different political forces.

The first question depends on the kind of government that the revolutionary clergy is trying to impose in Iran. In Iran, only two camps exist: the camp of theocratic rule and the camp against it. There is definitely plenty of political and policy differences inside each of these two camps. But those forces which are in favor of the continuation of theocratic rule in any form cannot also have a place in the anti-Ayatollah camp.

Those who tried to be what we call clever and get along in one way or the other with theocratic rule or ignored the facts did not get any result except disgrace and defeat. The Tudeh Party, the National Front, the Mojahedin-e Khalq, etc. have all been tempted to play a hand with theocratic rule and paid a heavy price for their mistake. Today Bazargan's Freedom Movement which is able to accompany the national forces on some grounds, has settled in the same wrong path.

Qasemlu and his party apparently do not have a clear position in regard to theocratic rule. But the truth is that the Kurdistan Democratic Party still has not been able or does not want to put aside the temptation of coming to terms with the government of theocrats and seek its future within the framework of the constitutional government in Iran.

The second important problem of our country at present is the war with Iraq. Opposition to theocratic rule and the policies of the Ayatollah must not cause us to fall in the path of treachery and wrong action in respect to the war. The Ba'ath regime of Iraq has been the initiator and continuer of this war and there is still no evidence that we can imagine that it has ceased its long and remote dream against our homeland.



During the 6 years of this war, Iraq has always initiated all the new stages of this catastrophic confrontation. The bombing of non-military regions, the tanker war, attacks on oil installations, and the use of chemical warfare have all been among the initiatives of the Baghdad leadership.

Under these conditions, cooperation with Iraq, especially on military grounds, is nothing but stabbing the nation of Iran in the back. Our hatred of the republic's regime is a natural and understandable hatred and must not cause us to forget the agents of the aggressors and anti-Iranian enemy. The most important reason for the failure of the Mojahedin-e Khalq in Iran, despite their lack of a specific policy and plan, was not their idolatry in regard to Mas'ud and Mariam but the fact that the Rajavi group became part of the government of Iraq against Iran. The defeat of Iran in this war is not only the defeat of Ayatollah Khomeyni since the nation of Iran and the armed forces of Iran have accepted the responsibility of this war and will face it. In any case, Khomeyni and his friends are condemned to decline. But the fall of their anti-humane regime must not be at the price of the defeat of our homeland in this war.

Qasemlu and his party must achieve their position in front of the future government of Iran in order for a way to be open for them in the circle of national and progressive forces. More importantly, they must refrain from military and political cooperation with the hated regime in Baghdad and continue their campaign in such a manner that they do not hurt our defensive capability in this war. Otherwise six or seven years from now in another interview, Qasemlu will talk about his bitter experience.

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CSO: 4640/488



# EMIGRE PAPER CRITICIZES OIL AGREEMENT SIGNED WITH USSR

London KEYHAN in Persian 4 Sep 86 p 6

[London KEYHAN weekly in Persian; founder and publisher Dr Mesbahzadeh]

[Text] Among the large amount of its news, Islamic Radio broadcast a subject whose importance does not need emphasis. This subject, presented as ordinary news, was a report that Gholam Reza Aqazadeh, the Islamic oil minister, signed an agreement for oil cooperation with the Soviet Union during his recent trip to Moscow.

In explaining this secret, dangerous, and mysterious agreement, Aqazadeh tries to pass it over lightly. He stated: "The Soviets will begin the exploration and operation of oil drilling in the northern part of the Caspian Sea and we will also conduct operations within our own section." The Islamic minister apparently imagines that all the people, like his own "source of imitation," have come from behind 12th century mountains. Everyone knows that the Soviets have been generating revenues for years from the oil resources of the Caspian Sea. Even before the October revolution, meaning the time when the Russian czars ruled, these resources were involved in oil operations.

Therefore, the propounded subject is the mutual oil operations of the oil resources of the Caspian Sea bordering Iran. This is the very thing that our northern neighbor has been after for 80 years. During these 80 years, none of the different regimes or governments agreed to give northern oil concessions to the Russian Government or after that, the USSR Government. The honor for breaking this historic tradition is granted to Aqazadeh and his "source of imitation," namely Ayatollah Khomeyni.

The law nationalizing the oil industry, ratified by the Majlis in March 1950 under the initiative of the late Dr Mohammad Mosadegh, and after that, all the other laws which stabilized the sovereignty of the nation of Iran based on this important national wealth, all relied on the pillars of these mentioned traditions.

Even in the hardest days of the campaign against British colonization, neither the shah nor the Government of Iran, were willing to trample this agreement even for achieving imaginary concessions on strategic grounds.

For 80 years, all of Iran's politicians, except for the leaders of the Tudeh Party who were members of the USSR national security, found it necessary to refrain from giving oil concessions in northern Iran to Moscow in order to protect the independence of Iran. Now Aqazadeh and Khomeyni, who incidentally, are feeding the public the slogan "neither Western nor Eastern," are actually trying to break the law for nationalizing oil and turn over the vast oil resources of the north of the country to the Eastern superpower.

The first and most urgent matter in this regard is to publish the complete text and details of this agreement signed by Khomeyni's minister with the Soviets and present it to the nation for their information. At least it is necessary for the members of the Islamic Majlis to see this agreement and discuss it. Aqazadeh does not and will not have the slightest right to sign any secret agreement with any foreign power. The punishment for illegally signing secret agreements according to Iran's Retribution Law is death. These laws still officially remain in effect after the Islamic revolution since no action has been taken to annul them.

Aqazadeh and Khomeyni may imagine that our country does not have an owner and has become an orphan and as a result it is possible to turn over its natural wealth to this and that, but the owner of Iran is the nation of Iran and this owner is completely alive, awake, and aware and will not permit its country to slowly become a colony of the East using the excuse of fighting against the West.

In regard to the internal aspects of the question, it is enough to be reminded that the nation of Iran does not officially recognize any of the illegal decisions by the extortionist and illegitimate present regime and the nation of Iran will get even with Aqazadeh at the appropriate time. The document signed by Aqazadeh for the transfer of oil in the north of Iran to the USSR does not have any legal basis and can only be discussed as a document for his betrayal.

In regard to the international aspects of this question, it must be stated that the nation of Iran is demanding peace, coexistence, and active cooperation with its northern neighbor. Iran and the USSR are able and must, like the years 1965-1978, have the best of relations with each other. The thought of taking advantage of the present difficulties in Iran, especially the fact that the present government in Tehran is not at all the result of the demand and determination of the nation of Iran, could have regrettable consequences for both neighbors.

The Soviet Union must demand the friendship and cooperation of the nation of Iran instead of placing the fate of its relations with our country with the fate of an unfit, unpopular, and condemned to decline regime.

During his trip to Moscow, Aqazadeh also signed another document. According to this agreement, Iran's natural gas will be exported to the USSR at a rate equal to one fourth of the natural gas world price. Aqazadeh is not

willing to talk about the method for pricing the gas since he knows he has done something with Iran's natural gas than even the most cruel property dealer would not do to an orphan's or widow's property.

Khomeyni's minister has auctioned the oil and gas of Iran and is hopeful of relieving the budget deficit of the Ayatollah's government to some extent in order for the war to continue and for more of our young people to become martyrs. In fact, Aqazadeh is saying "We are auctioning gas and oil. Hurry up and purchase it in order for us to be able to shed the blood of our youth on the ground."

Oil comes out of the earth and the blood of the youth sink to the earth. This is the meaning and concept of the Islamic revolution. This is the meaning and concept of the republic in Iran.

9815/6662

CSO: 4640/489

## NEPAL

### BRIEFS

USSR FOREIGN MINISTRY OFFICIAL VISITS--Katmandu, 4 September (RSS)--Ambassador Anatoliy I. Valkov, head of the South Asian department of the Soviet Foreign Ministry, arrived here Thursday morning on a three-day visit. Acting Foreign Secretary Mrs Bindeswari Shaha welcomed the Soviet official at the Tribhuvan International Airport. Later, Mr Valkov called on Prime Minister Marich Man Singh Shrestha. Matters of mutual interest were discussed on the occasion. [Text] [Katmandu THE RISING NEPAL in English 5 Sep 86 pp 1, 7 BK] /12858

MONGOLIAN DELEGATION DEPARTS--Katmandu, 5 September (RSS)--The Foreign Ministry delegation of Mongolian People's Republic headed by Deputy Foreign Minister K.H. Olzvoy visited Nepal from 4 to 5 September at the invitation of His Majesty's Government. During his stay in Nepal, the Deputy Foreign Minister of Mongolia called on Prime Minister Marich Man Singh Shrestha. Minister of State for Tourism and Labour and Social Welfare Ramesh Nath Pandey and held talks with acting Foreign Secretary Mrs Brinda Shah at the Foreign Ministry on bilateral relations as well as on current international issues. The two sides expressed their satisfaction at the present state of bilateral relations between Nepal and Mongolia. They stressed the importance of cooperation and exchange of views between the two countries at different levels. The Mongolian Deputy Foreign Minister who was accompanied by head of the political department of Mongolian Foreign Ministry and other official left Katmandu for home Friday evening. [Text] [Katmandu THE RISING NEAPL in English 6 Sep 86 p 5 BK]/12858

FRG MINISTER VISITS--Katmandu, 8 September (RSS)--The visiting West German Federal Minister for Economic Cooperation Dr Juergen Warnke paid a courtesy call on Prime Minister Marich Man Singh Shrestha at his office Monday morning. During the meeting, they discussed matters of bilateral and international interests. The talks also covered mutual economic cooperation. Royal Nepalese Ambassador to Bonn General Simha Pratap Shah and West German Ambassador Dr Eric Harder were also present at the meeting. [Text] [Katmandu THE RISING NEPAL in English 9 Sep 86 p 1 BK] /12858

CSO: 4600/10

## COMMENTARY VIEWS WALI KHAN'S MOSCOW, KABUL VISIT

Islamabad THE MUSLIM in English 21 Sep 86 p 4

[Commentary by Khalid Akhtar]

[Text]

Wali Khan's visit to the Soviet Union and Kabul, the warm reception and the VIP treatment which he got in both the places and his blunt utterances there have been viewed apprehensively by some quarters in the country. All this has sparked another controversy about the Khan from Char-sadda, about his mode of politics and, above all, about the degree of his affiliation with the country.

The Khans cannot in fairness be condemned for their pro Soviet pro-Kabul or pro-India stance. As a matter of fact the geo-political considerations make it imperative for Pakistan to have good ties with all its neighbours, particularly the Soviet Union. Moreover, if the pro-U.S. stance of many political parties here is viewed rather appreciatively, pro-Soviet professions by other political parties (which happen to be few) should not bring discredit to them in any way.

**PRO-SOVIET POSTURE**

In India the pro-or anti stance towards any superpower by a political party is considered a normal political phenomenon. Even in the West where the Soviet Union is considered to be a threat to their system, political parties with pro-Soviet leanings have in some cases proved their usefulness. France and West Germany certainly gained by the conciliatory approach of their former leaders Giscard D'Estaing and Schmidt towards the Soviet Union.

The Khans pro-Soviet posture has never posed a threat or problem to the country, but the ide-

logists here (and ironically anyone who came to power has overnight turned a staunch ideologist) have never spared the Khans for this tilt. This has been an unnecessary confrontation which apart from sharpening the division between the Left and Right, has reflected rather disparagingly on Pak-Soviet ties.

Again, what Wali Khan said in Moscow and Kabul during his recent sojourn there had been reiterated by him off and on on home soil. Moreover, his call for non-interference in Afghanistan early solution of the Afghan problem through direct talks and immediate return of Afghan refugees all carry the approval of other political parties in the country. Finally, his liking for the 'Red Revolution' may have worried the conservatives and theologists in the country. But the Khan is too small a fry to either facilitate the passage of the Red Revolution beyond the Durand Line or to be a barrier against it.

**BIAS**

But where the Khan is vulnerable is the fact that his speeches in Moscow and Kabul were marked by an anti-Pakistan bias. At times he tended to dissociate himself from Pakistan and link his destiny with the cause of the Pakhtoons. It is here that the Khan's behaviour has raised many question marks.

While Wali Khan has been finding fault with every government in Pakistan, military or civilian, conversely, he has been supporting every regime in Kabul, be it the Zahir Shah monarchy, Daud's republic through a military coup, pious Tarakki, Amin, Karmal and now Dr. Najib. He has never been

able to explain this contradiction in his attitude towards governments in Kabul and Islamabad.

This trait in the Khan's attitude is more striking in the context of Pak-India relations. Pakistan may not have done enough to promote ties with the Soviet Union, but it has certainly done more than its normal share to have good relations with India. But the Khan was all praise for New Delhi and had hardly a word of appreciation for Islamabad. It is significant that unlike the Jamaat and JUI, the Khan has apparently been unable to shed his antipathy to Pakistan of the pre-Partition days.

Equally incomprehensible has been the Khan's role in terms of national politics. For most of the time he has remained unpredictable. He was in the forefront of the PNA movement against the late Z.A. Bhutto. He campaigned for what he described as 'undiluted democracy'. Though over the years Pakistan has drifted further away from that ideal yet the Khan seems to have lost his obsession with 'undiluted democracy'. After Bhutto's hanging, he has never used this phrase again.

In contrast, the Khan's participation in the MRD's struggle for the restoration of democracy has remained a passive one. Like most of the MRD leaders he kept his anti-regime profile in a low key in the agitation of 1983. He cleverly distanced himself from the recent MRD movement against the regime and quietly proceeded to the Soviet Union leaving many of the MRD followers in the NWFP in the lurch. Significantly, Wali Khan has been one of the few leaders in the Opposition who have remained acceptable to the authorities. Even the right-wing Press lionised him. (There were reports that the Khan was offered the high office of Prime Minister in President Zia's Martial Law regime.

### LIBERAL OUTLOOK

These contradictions in Wali Khan have hampered his growth as a national leader. His background and rich experience of the politics of the Subcontinent, his fraternal relations with the leadership both in Kabul and New Delhi and his liberal outlook should have made him an ideal national leader. But his excessive use of the 'Pakhtoon card' while fighting his political battles with the Centre gradually reduced him to a level of a regional leader. Unfortunately the Khan has tended to build up his leadership

on the plank of Pakhtoon nationalism alone. This explains that the greater the discontent in the provinces the more strongly the Khan has emerged on the scene. The formation of ANP and the triumph of Wali Khan over the moderate Bizenjo on the issue of leadership of the leftist alliance speaks for the strength that Mr. Wali Khan has gained during the centralised rule in the last nine years.

Although freshly "dyed in red" Wali Khan has not been lost completely to the United States either. At one time, he was seen as a genuine democratic alternative both during the Bhutto and Zia regimes. However, after the Soviet military intervention in Afghanistan, he has finally decided to tilt to one side.

### GRIEVANCES

On his part the Khan has a long list of grievances against the Central Government. He cannot forgive the dismissal of Khan Sahib's Ministry in the NWFP immediately after the creation of Pakistan and remains bitter over the bombing of Bhabra. Notwithstanding past grievances, the country would be better off if Wali Khan came out of his Pakhtoon grooves. He should dispel the widespread perception that his major political goal is to prove that his father's stand in 1947 was justified.

In a country where politicians are so often branded with clichés like traitors politics has been a real hard profession for the leaders. And unfortunately there has been no other leader whose patriotism has been more frequently questioned and doubted than Wali Khan. This situation, to say the least, is embarrassing for all.

The most alarming aspect of our national politics is that leaders have been seen falling out of the 'mainstream' too frequently. This has greatly eroded national solidarity and impaired feelings of oneness among the masses. Regrettably, there have been some deliberate efforts by the vested interests to drive popular leader to despair or desperate action. Pakistan has already paid too heavy a price on this account. On the other hand leaders like Wali Khan must realise that they can attain the status of national leaders only by remaining in the mainstream.



## NATIONAL ASSEMBLY HOLDS DEBATE ON LAW, ORDER

Islamabad THE MUSLIM in English 19 Sep 86 pp 1, 8

[Article by Ashraf Hashmi]

[Text]

ISLAMABAD, Sept. 18: The National Assembly began its seventh session today with a heated debate on the law and order situation in the country following a motion moved by Interior Minister Aslam Khattak.

All the three speakers of the day—Syeda Abida Hussain, Dr. Shafiq Chaudhry and Dr. Sher Afgan—delivered hard hitting speeches, lashing out at the Government for its "inefficiency and inability to control the speedily deteriorating situation". They said the Prime Minister and his entire Cabinet had miserably failed to protect the life and property of the people and should resign immediately.

Begum Abida Hussain referred to the killing of the two diplomats and said that terrorism in the country was mounting because of the failure of the Government's foreign policy. Pakistan's Afghan policy in particular had become very expensive for the country and its citizens. Dr. Sher Afgan said that parliamentary democracy was the sole answer to the problems of the people. Dr. Shafiq demanded the removal of the Chief Minister and Governor of Sind, arguing that in view of almost anarchical conditions in the province, the provincial administration had no right to continue in office.

Moving the motion, the Interior Minister in his opening remarks hoped that the members would pinpoint the mistakes of the Government and offer suggestions for the improvement of the situation. He assured them that sufficient time would be given to them to explain their points of view and the debate may continue for two or three days.

Earlier, the House disposed of a number of privilege and adjournment motions. In his privilege motion, which was later not pressed, Mumtaz Ahmad Tarar accused the official media of suppressing information and compelling the people to depend on foreign sources of news. He said the official Radio and Television did not broadcast a line about the incidents that took place on August 14 at Lahore and Karachi.

The murder of two diplomats—an Iraqi and a Russian—also found an echo in the House. A number of members belonging to the Opposition benches deplored the incidents and accused the law enforcing agencies of being corrupt and inefficient.

A lively discussion took place when Dr. Shafiq from the Opposition Group suggested that the House should offer 'fateha' for the departed soul of the Iraqi diplomat and observe two minutes silence for the Russian diplomat who was gunned down in Islamabad. When Pir Mohammad Ashraf, who had earlier offered 'fateha' for late Makhdum Hassan Mehmood, refused to do the same for the Iraqi diplomat and opposed the observance of two minutes silence for the Russian diplomat, a number of members belonging to both sides vehemently criticised his behaviour and demanded that his remarks about the two diplomats should be expunged. Sheikh Rashid Ahmad, Mr. Hamza, Maulana Wasi Azhar Nadvi and Javed Hashmi condemned the brutal murder of both the diplomats and described the behaviour of Pir Ashraf as an insult to the legislature.

The Minister of State for Foreign Affairs, Mr. Zain Noorani, consoled the agitated members by informing them that he had visited both the embassies in Islamabad

and offered condolences on behalf of the people and Government of Pakistan. On the insistent demand of the members, the Speaker expunged the remarks made by Pir Ashraf.

The Minister for Justice and Parliamentary Affairs Mr Iqbal Ahmad Khan, laid the reports of the Standing Committees on the Members of the National Assembly (exemption from preventive detention and personal appearance) Ordinance and the Legal Practitioners and Bar Councils (amendment) Bill 1986. The Annual Report of the Wafaqi Mohtasib was also presented to the House.

Later, initiating the debate on the law and order situation in the country, Syeda Abida Hussain from Jhang criticised the methods adopted by the present Government to deal with the internal situation and protect the life and property of the citizens. She said the Government's measures to crack down on the political dissidents were contrary to the democratic traditions.

She referred to the recent killing of the two diplomats and some terrorist activities in the country and said they were related to the external policy of the country. She said the foreign policy adopted on the question of Afghanistan was proving expensive for the country.

She said the House reposed full confidence in the leadership of Prime Minister Mohammad Khan Junejo only because he belongs to Sind province. By doing this it was hoped that a Prime Minister from Sind would help to reduce the sense of deprivation prevailing in the province.

Begum 'Abida also expressed her sorrow over the sectarian clashes which took place in some parts of Punjab during Ashura. This, she said, showed lack of tolerance which Islam demands from every Muslim.

She said the Government should accept responsibility for the deteriorating law and order situation in the country and the Prime Minister and the Interior Minister should resign from their offices in order to set healthy democratic traditions.

Dr Shafiq Chaudhry speaking next said mere discussion of the law and order situation will serve

no purpose. He called for taking some stern measures to deal with the criminals.

He said the Interior Ministry had failed to adopt an effective internal policy. He accused the Government of encouraging elements who were playing with the integrity of the country.

He said the law and order situation in Sind was becoming worse due to the inefficiency of the provincial government. He said keeping in view the present situation, the Governor and Chief Minister of Sind had no right to hold their offices.

Dr. Sher Afgan also expressed his dissatisfaction and urged the Government to solve the political problems politically, avoiding the errors committed in the past. The present unrest and terrorist activities, he said, were directly linked with foreign policy. He was critical of the Government's Afghanistan policy and termed it as against the interests of the country and the people.

Dr. Afgan impressed upon the Government to initiate a dialogue with the Opposition in order to politically thwart the conspiracies being hatched by the enemies of Pakistan, both internal and external.

He expressed his utter displeasure over Government's efforts to stop the Opposition from holding a public meeting in Lahore on August 14. This, he said, had no legal or moral justification and resulted in loss of precious human lives.

He criticised the use of the sacred name of Islam for political ends and added that it had resulted in promoting sectarianism.

He also referred to the recent acts of terrorism in which two foreign diplomats had died and what was termed as mishandling of hijacked Pan Am airliner by the Indian Prime Minister.

He called upon the MNAs who have joined the Muslim League after being elected on non-party basis to resign as they had no right any more to represent the people. The Muslim League, he said, should come to power through party based elections and should not become a continuation of the martial law government.

The House adjourned to meet again on Sept. 21 (Sunday) at 10 am.

## COMMENTARY REPORTS ON ASSEMBLY PROCEEDINGS

Islamabad THE MUSLIM in English 19 Sep 86 pp 1, 6

[Article by Anwar Iqbal]

[Text]

ISLAMABAD, Sept. 18: The fires of violence burning outside generated considerable heat inside the National Assembly which began its 7th session here today.

Starting with sinning comments, heated discussion and exchange of angry remarks, it flamed into a stirring speech by Begum Abida Hussain. Refusing to "hide behind the petticoat" she launched an all-out attack on the Government and ended with an appeal to the Cabinet to "set an example by resigning".

Such was the mood of the House today that the Treasury Benches, who usually avoid discussing the law and order situation, themselves introduced the issue. "A very tactical move", said an observer. It rendered void all the adjournment motions submitted by the Opposition.

It seems as if the go-ahead signal about the debate came from no less a person than the Prime Minister who appeared in the House very briefly. During his presence, the Interior Minister Mr. Aslam Khattak, was seen whispering to him before returning to his seat to make a very short speech. The Speaker, Mr. Hamid Nasir Chattha, then invited Begum Abida Husain to speak.

And it looked as if she was just waiting for this opportunity. Like a seasoned orator she roared and cooed in turns, but was always careful to leaven her emotional remarks with reason.

She accused the Government of being ignorant or given to 'lying'. She talked about the 'bleeding wounds' of Sind and about how 'a member from

Sindhri had failed to heal them'.

Abida also mentioned the ailing kidney of the Information Minister when talking about the silence of T.V. and Radio during a period of national crisis.

She did not even spare the Federal Capital which she described as a 'white elephant' where a diplomat is gunned down in broad day light under the very shadow of the Parliament.

When she finished one expected some plaudits or signs of appreciation from the House but there were few who expressed admiration for her openness or shared her concern.

But what the next speaker, Dr. Shafiq Chaudhry, said shows the polarisation of politics in Pakistan. He reopened the wounds that Abida was talking about healing. Singling out Wali Khan and G. M. Syed for his attack, he used the same old 'mulk dushman' (traitor) epithet that has always been used for labelling political opponents. Benazir was also taken to task for saying that the dacoits in Sind were actually patriotic people.

The House appeared sharply divided over the recent terrorist attacks in Pakistan. Earlier, after 'fatcha' for the late Makhdoom Hassan Mahmood, one of the members suggested that 'fatcha' should also be offered for the Iraqi diplomat killed in Karachi and two minutes silence be observed for the Russian diplomat murdered here. This innocent suggestion provoked Mr Mohammad Ashraf who usually leads the prayers inside the House for deceased persons, and had very willingly accepted the responsibility when asked to do so for the late Makhdoom.

His remarks caused an uproar in the House. Sheikh Rasheed called the Iraqi diplomat a martyr. Maulana Wasi Mazhar Nadevi urged Mr Saheb to take back his remarks. And Javed Hashmi walked out in protest when the Speaker tried to stop him from expressing his views. Mr. Hamza thought that the Mr's remarks would harm Pakistan's image abroad.

Mr Mohammad Ashraf refused to withdraw his remarks and while the House was still discussing the issue, Sheikh Rashid rose in his seat and started reading verses from the Holy Quran for the soul of the dead Iraqi diplomat. The Speaker and a few others joined him. Though the Mr remained stubborn, the Speaker ordered that his remarks be expunged from the proceedings of the House.

Another issue that caused sparks in the House was the attitude of the official media towards the MRD's agitation in Lahore. Mumtaz Ahmad Tarar pointed out that the TV only aired the official Press note and even that 15 hours after the incident.

Sheikh Rashid wanted to know how the Indians showed all the pictures about the Independence day firing and the riots in Sind. Who provided them with these pictures and why couldn't our TV do the same?

Mr. Nawaz Khan Marwat, speaking on behalf of the Information Minister, drew a line between "the free media institutions" like those abroad and "responsible institutions" like PTV and the PBC. "The free ones can do whatever they feel like but the responsible ones have to make sure that their news is authentic".

Mr. Tarar wanted to know how a Press note could be classified as 'authentic' but the Minister did not elaborate. When pressed further, he conceded that the PTV and Radio Pakistan can't go for news

harmful for the country. "Did he mean the government", commented somebody in the Press gallery.

The attendance today was thin and many members arrived late. The President also appeared briefly at the Parliament House. He was received by Ghulam Ishaq Khan, Chairman of the Senate, and was escorted to his chamber.

The only issue that generated some sparks besides law and order concerned the Kalabagh Dam. Members from Punjab were found expressing their apprehension that the vitally needed project would ultimately be shelved because of a 'handful of influentials' from NWFP and Sind, a contention the minister incharge, Jamal Syed Mian, disagreed with, though he assured that the redesigned Kalabagh project would be completed in time. Even the former Speaker, Mr. Fakhar Imam, was bitter about Government's "wish washy attitude towards the Kalabagh project".

The Minister for Water and Power, Jamal Saeed Mian, was the only who defended himself personally. All others were represented by the Ministers of State or their proxies. Mr Bajrang the Minister of State for Tourism, gave his maiden performance in the House. And it was not unimpressive.

Though only passing references were made to the sectarian riots in Punjab inside the House, it was the main topic discussed in the cafeteria. Mr. Fakhar Imam, Javed Hashmi, Nusrat Ali Shah and Majeed Malik were shown a letter supposedly written by somebody from Dina, near Meerpur, where the recent wave of riots started. It was a very provocative letter clearly aimed at fanning sectarian differences.

All the members agreed that a hidden hand was behind these riots. Mr. Fakhar Imam thought that, if not controlled, sectarianism can tear the entire social fabric of the nation.

## POLITICS: REGIME, OPPOSITION STANDSTILL ANALYZED

Islamabad THE MUSLIM in English 19 Sep 86 p 1

[Analysis by Mushahid Hussain]

[Text]

ISLAMABAD, Sept. 17: With the Government and the Opposition weakened by the recent sparring of August 14, both are now looking for new options, new ideas, new lines of action and new strategies to meet future challenges. The Government is in as much of a fix as the Opposition. Its problems are multi-faceted: in-house plus outside pressures.

The key in-house problem is the continuing tension between the President and the Prime Minister.

When the civilianisation process was initiated after the February 1985 polls, two things started happening. The 'Club', after taking the decision to appoint Mr. Mohammad Khan Junejo, tried hard to delink him from his political mentor, the Pir of Pagara. The Pir was already miffed because of his failure to become Chairman of the Senate, which meant enjoying the perks and privileges of high office without much responsibility. Concurrently, Mr. Junejo made a conscious effort to distance himself from the President so as to prove the difference between a civilian, political government and a Martial Law regime.

The basic problem in this President versus Prime Minister conflict is not one of personalities or of parallel holders of high office. It goes deeper. General Ziaul Haq has always preferred a presidential, unitary system while the 1973 Constitution, under which Mr. Junejo is the Prime Minister, provides for a parliamentary, federal form of government. Herein

lies the problem: The President expected "Mr. J" to be pliable and to act as "one of the boys"; at best a senior minister in the mould of the Prime Minister of Sri Lanka, Philippines, South Korea or Egypt. This did not happen.

While the 'Club' may now be toying with new names, a change of Prime Minister will not solve the in-house problem. Nor is it likely to be a step towards resolving the fundamental political problems facing the country. While the name of Mr. Ghulam Mustafa Jatoi is bandied about, the hard fact is that it cannot add to the regime's political strength. In fact, given the choice, many political people will prefer Mr. Junejo to Mr. Jatoi since the former is definitely cleaner than the one-time stalwart of PPP turned critic of those 'bad old days'.

The MRD in general and the PPP in particular are also quite disappointed by recent events. By inviting a confrontation they were not really prepared for, they managed to rock the boat but could not click on the streets. This time responsibility for the August 14 MRD decision appears to rest largely on Benazir Bhutto. She reportedly decided to go ahead with the meeting despite opposition from old-timers like Mir Ghaus Bakhsh Bizenjo and Nawabzada Nasrullah Khan.

Since her return, Benazir has made serious political mistakes. She has changed the ideological course of her party from Left-of-centre to Right-of-centre, both in domestic and foreign policy. Unlike her father in the late 60s, she has been unable to fire the imagination of the have-nots. The basic flaw is that PPP today under Benazir does not look like a party of change but a party of the status

quo when it comes to the socio-economic structure or international alignments of Pakistan. She has been banking heavily on endorsements from Washington to catapult her into high office Cory-Aquino-style. Benazir Bhutto has also carefully avoided taking forthright positions on many basic issues.

Moreover she is now, by and large, surrounded by mediocrities and fawning flunkies, who dare not oppose whatever she says. While the decision to purge the 'uncles' makes political sense, she has given little thought to party organisation or ideological clarity. In this respect, despite banking on 'Bhuttoism', she is proving a poor political imitation of her late father. Before coming into power, Zulfikar Ali Bhutto stirred the nationalistic aspirations of the people by standing up to India, fired the imagination of the down-trodden masses with a radical and egalitarian economic programme and provided an impetus to popular anti-imperialism by attacking both Moscow and Washington.

Benazir Bhutto's ill-concealed desire to make up with the Army is also naive, given the realities of the Pakistani power structure. The Army-PPP rapprochement is out of the question so long as Gen. Ziaul Haq is the Chief of Army Staff. Knowing this fact, the PPP has tried rather crudely to promote other names for this top slot. In the past too, soon after the Bhutto hanging, the PPP banked on General Tikka Khan's proteges in the Potohar for a counter-coup—an erroneous assumption since servicemen can never count on supporters once they retire.

Actually, Benazir Bhutto could well have made the same miscalculation in 1986 that Zulfikar Ali Bhutto made in 1977. A month after his ouster from office, on August 8, 1977, Mr. Bhutto was swept away by the emotional welcome he received so spontaneously in Lahore. The same night, in his last public speech at Lahore, he said: 'There is no difference between PNA and PMA' (Pakistan Military Academy at Kakul). He further remarked, with an air of characteristic confidence, 'Nobody can teach me politics'. The conclusions that flowed from that day's outpouring of support led

to Mr. Bhutto opting for confrontation with the most organised political force of the Pakistani state.

On April 10, 1986, Benazir Bhutto returned home to a triumphal welcome in Lahore. The enthusiastic crowds came in large numbers. She concluded that 'the party is over' for General Zia. It was at her Press conference in Lahore the next morning that Benazir, echoing her father's supreme self-assurance, stated: "Yesterday, we could have taken over the government...and burnt down the cantonments".

The confrontation that ensued brought home the basic realities: PPP has wide electoral support which to date cannot be translated into street power.

Nine years in the corridors of power, Gen. Ziaul Haq is looking forward to bettering Ayub Khan's record of political longevity in office. He is in no mood to shed high office, only to find new ways and means to continue. He feels that his core constituencies—Army and America—are intact. Additionally, the mosques, big business and sections of the middle class will be with him by default, if not by design, on account of their aversion to Bhuttoism. He is keen to find political openings which he can exploit. And he continues to rely on the ineptitude and failings of his opponents. Of course, luck also matters, as for example the recent hijacking which helped divert attention from pressing problems.

While Benazir Bhutto has demonstrated her courage in the political arena, she needs to combine it with conviction, commitment and calibre in the ranks of her party leadership. She needs to travel light, shed excess baggage, have a thick skin and be prepared for a long innings. So far, she has been more a divisive than a unifying force in opposition ranks. In a political game with high stakes on all sides, she should learn from Chairman Mao's famous dictum: "Unite the many to defeat the few". In order to be ready for confrontation with the regime, Benazir Bhutto has to build up a consensus of all the political forces on at least a minimum programme of action.



CONCERN EXPRESSED OVER QADIANI/MIRZAI SECT'S ACTIVITIES

Lahore CHATAN in Urdu 16 Aug 86 pp 11-12

[Article: "Fanatic Religious Sect Exposed"]

[Excerpt] The Qadiani sect is a puppet of the Jewish lobby, a spy of the British empire, and a cancer in the body of Islam. It always acts against Islam and the Koran. It just follows in the Devil's footsteps.

It is very strange that the Qadianis are allowed to be involved in subversive activities against the country and conspire with foreign powers even when the government and the people are aware of their activities. We learned about this when the secrets about Mirzais' treacherous activities and involvement of some government officials were exposed in the Senate. According to the 10 July Senate Secretariat Report, the Mirzais decided to have a conference in London instead of Raboh. All preparations were made here and the government helped in getting various exemptions and privileges. When all this was learned, Senator Maulana Seemaul Haq had proposed stopping this conference. He presented testimonies about the treacherous acts of Mirzais by many witnesses. He also mentioned a lecture given by Senate's Mirzai leader Mirza Nasir in which he had declared that the country would be divided into many parts. Help from various government departments to enact a conference that is totally against our country's ideology was called unpatriotic. He also provided proof of government's help to these groups. No one from the government offices could deny these accusations about helping the Qadiani/Mirzai sect. Maulana Seemaul Haq had attached a Pakistan International Airlines' directive to his resolution. At that point, Qazi Haseen Ahmad and Qazi Abdul Latif also expressed their opinions. The whole country learned about this affair and it is now a permanent record in the Senate's proceedings. At the invitation of the Senate Chairman Ghulam Ishaq, Maulana Seemaul Haq addressed the Senate in the following words:

Mr Chairman, I would like to say that ours is not a secular country. This is a religious country and we support one religion. We are required to check the ideology of any deputy representing our country. We cannot accept the Qadiani sect as a religious group. We have repeatedly explained that this is a political front working against Islam. All their activities are political in nature. I had informed you about the proceedings of a convention of this group. I had referred to Mirza Nasir's speeches made in London. I had brought

a recording of Mirza Nasir's speech. I had asked your permission to play some portions of this recorded speech in the Senate. I still have that recording. In London, Mirza Nasir had announced, "God will divide Pakistan into many parts. God will destroy this country. You do not worry, you will hear good news about this country's total destruction soon." Maulana Seemaul Haq complained that even though this speech was published on page 76 in the Senate Secretariat Report, the government did not take any notice. Neither the intelligence department nor the home ministry took any action.

Dr Iqbal Ahmad Khan, minister of law [and Parliamentary affairs], tried to undermine this extremely critical issue by using his usual ministry rhetoric. At this point Maulana Seemaul Haq related a very timely joke to Senate members. He explained that these Mirzais have published some anti-Pakistani literature. According to a joke included in this literature an American president visits a country where a person was introduced to him as the minister of railways. The President was surprised since there was no railways in that country and the question of a minister of railways did not arise. Maulana added that we have no justice in Pakistan, but we do have a minister of law! Maulana Seemaul Haq emphasized that the Qadiani/Mirzai sect was anti-Islamic. He added that if we did not take strict measures against this sect then not only Pakistan but the whole Islamic world would suffer. The amazing thing, he added, was that some government lawyers supported special amenities to Qadianis because they are responsible for spreading Islamic religion. The members of the Parliament were too amazed to do anything about it. Senator Seemaul Haq pointed out the unabashed influence of Mirzais on the Senate. He added that: "It has been proved these people are working against us in the United Nations and in other countries. They publish and distribute literature against Muslims. They have included a very ugly cartoon of Ziaul Haq showing him as an enemy of basic human rights. They have all kind of dirt in their publicity literature. Why should we provide special exemptions to people who are actively involved in anti-Pakistani activities? Will we give special favors to subversive elements who belong to Alzulfiqar group? Calling Mirzai sect an Islamic group surpasses all extreme behavior. An Islamic group is supposed to spread peace and the glorious name of Islam in the world. This sect is making Islam look ugly."

We are glad that once more the reality about Qadianis is explained in the Parliament. We have based this article on the report published in the Senate Secretariat Report for your information.

7997/12379

CSO: 4656/146

## REPORT ALLEGES Jatoi HELPED POLICE TO CURB PPP

Islamabad THE MUSLIM in English 21 Sep 86 p 6

[Article by Dastgir Bhatti]

[Text]

It has often been observed in the Third World states that when the political parties enjoying mass support wage a political battle against a dictatorial regime or a politically weaker establishment, it is the bureaucracy which benefits the most. Obviously the powerful bureaucracy functioning under an unstable government rests assured that the rulers lacking the support of the people has inevitably to rely upon the state machinery to defend their throne.

During the nine-year-long martial law rule majority of the government officials plundered public money with both hands and no one questioned them. Now when the parliament is there, the record of our "civilian" government shows that in spite of oft-repeated tall claims by the Prime Minister, his cabinet colleagues and the provincial executives to weed out corruption and maladministration, not a single corrupt official has been brought to book at least in Sind during last several months. Obviously the reason was that an already panic-stricken establishment can never afford to open another front against the sphinx which otherwise has proved loyal to it. No

matter if the common man suffers the most under such conditions and unavoidably bears the whole brunt. That has been witnessed generally throughout the country and particularly in Sind.

How the local administration and specially the police manoeuvre to fill their pockets during a political turmoil was observed during the recent MRD movement. Seeing the entire police force wearing riot dresses and helmets on the streets and the highways, one could have developed a "sympathetic" feeling for the "protectors of the law" that the chaps had been deprived of their regular "income" because of the political disturbances. But this assumption of the observers was belied this time by the master minds of the bureaucracy. The "income" of the police, went on increasing. They adopted the simplest method of catching hold of any passer by, a milk man or a vegetable vendor, accusing him that his name was also on the list of wanted political activists, or among those who helped the dacoits, harassed him and thus kept the "business" going on.

The arrests of such "wanted" persons and many others continue unabated in Sind. According to daily 'Mahrar' (owned by the ruling Muslim League) 31 persons were detained in Larkana, 3 persons including 2 members of the District Council in Dadu on Thursday under maintenance of Public Ordinance. Some PPP workers were rearrested in Nawabshah after they were released on bail. The local leaders of the MRD accused the D.C. and the S.P. Nawabshah of resorting to torturous methods at the behest of Ghulam Mustafa Jatoi.

On Thursday only the henchmen of the NPP leader attacked the houses and shops of the PPP supporters and inflicted injuries upon some persons in Qazi Ahmed. The police refused to register the FIR.

It appears that a parallel government led by Mr. Jatoi was functioning in Nawabshah where both the Deputy Commissioner and District police chief obey the orders of the NPP chief. The polarisation within the Pakistan People's party has reached a climax and the feudal elements compelled to desert the party, are subjecting the people in their respective areas to terror and torture.

/9274

CSO: 4600/15

## PROVINCIALIZATION OF SIND POLICE DEMANDED

Islamabad THE MUSLIM in English 21 Sep 86 p 8

[Text]

KARACHI, Sept. 20 Secretary-General of the Qaumi Mohaz-e-Azadi, Iqbal Halder, has said as a first step to improve the law and order situation in Sind the Home Department and the entire police personnel should be replaced by locals.

Demanding the resignation of the Governor and Chief Minister of Sind, he said, the Governor should also belong from the province of Sind as is the case in other provinces.

Addressing a news conference this afternoon he said even the 1985 Constitution given by Gen. Ziaul Haq provides that the Home Department and maintenance of law and order is a provincial subject. The government, he said had no right to appoint police officials belonging to other provinces in Sind.

He expressed his concern at the deteriorating law and order situation in the country, particularly in Sind and added that at no stage in the history of the Sub-Continent Sectarian riots of this intensity took place as have occurred during the nine years of martial law regime.

He referred to lawlessness in Sind, hijacking of Pan Am jet, the gunning down of diplomats and the sectarian riots in the Punjab and said the scenario presented an ominous picture. The main objective appears to be to pave the way for the imposition for fourth martial law.

He said the sectarian riots have been unleashed by the government paid 'ulema-e-soo' who delivered provocative sermons in mosques to fan the fires of sectarianism.

According to him a conspiracy is being hatched to turn the country into another Lebanon and said Pakistan has been turned into an arsenal with Afghan mujahideen acting as conduits of arms.

Replying to a question he said according to an estimate about two lakh arms licences have been issued by the provincial government during the last one and half years. The issuing of licences, he said, is no way to check the deteriorating law and order situation. He also expressed concern over the unemployment of 70 lakh young men and misappropriation of about 40 billion rupees by various government agencies as has been claimed by Dr. Mahbubul Haq.

He said only a popularly elected government can restore law and order and restore the confidence of the people.

The news conference was also attended by Tasnim Farooqi President of the Karachi Division of the Mohaz, who told newsmen that the Mohaz had decided at its emergency meeting today to hold a protest demonstration against lawlessness on Sept. 23 in front of the Mehmood Mosque near the Bolton Market. He appealed to other democratic minded people to join the protest.

/9274

CSO: 4600/15

## SIND BANDITRY: EVACUATION OF VILLAGES REPORTED

Islamabad THE MUSLIM in English 21 Sep 86 p 1

[Article by Dastgir Bhatti]

[Text]

HYDERABAD, Sept. 20: In the wake of several deaths resulting from the longest-ever encounter between the dacoits and security forces, the authorities today ordered the residents of 22 villages bordering Dadu and Larkana districts to evacuate their homes immediately. Reports reaching here said that at least 35 houses have been completely demolished during the rocket and mortar shell fires and dozens of persons including women and children have received injuries during the armed operation which started on Thursday evening.

According to details after receiving information about the presence of some notorious Sukkur jail escapees in Goth Siddiq Deeper and Goth Sadiq Maachi, the law enforcing agencies besieged the villages on Thursday. During the initial exchange of fire some sepoy of the security forces were reportedly killed. The bandits taking advantage of the night darkness escaped. The security forces assuming that the dacoits were still hiding in the villages, continued their operation and ordered the villagers to surrender. Thousands of villagers including women and children obeyed

the order and came out of their homes. Later when, these villages were combed it was found that not a single bandit was hiding there.

The heavy contingents of the army and police this morning moved forward to search other adjacent villages of the area and according to latest reports they had not succeeded in their mission but in the process thousands of villagers have suffered heavy losses.

The reports also suggested that due to the dacoits menace hundreds of families alongwith their cattle are migrating from the rural Indus belt to the safer areas as a result of which a serious set back to agricultural production is anticipated.

All the efforts by 'The Muslim' to contact the Commissioner and DIG Hyderabad division and Deputy Commissioner Dadu proved futile since none of them was available at their headquarters.

Another report from Dadu said that about 50 influential persons mostly zamindars, were detained under the Maintenance of Public Ordinance today. Twenty persons were arrested from Sukkur district yesterday.

/9274

CSO: 4600/15

## FOREIGN EXCHANGE DECLINE SAID CONTINUING

Islamabad THE MUSLIM in English 21 Sep 86 p 8

[Text]

KARACHI, Sept. 20: Pakistan's foreign exchange reserves are continuing to slide in the face of growing trade imbalance and increasing debt liabilities.

According to weekly statement of affairs issued by the State Bank approved foreign exchange and balances held abroad have dropped from some 840 million US dollars as on July 3 1986 to approximately 720 million US dollars, a drop of some 120 million US Dollars in just two months.

If the gold and foreign exchange are taken together, these reserves have dropped from 1.59 billion to 1.370 billion US dollars during the corresponding period.

Despite the substantial depreciation of the rupee and sharp fall in prices of commodities like petroleum, edible oil and tea during the fiscal year 1985-86 coin and foreign exchange reserves at the end of June 1986 were almost the same as on June 30 1985. Exactly a year ago, the reserves amounted to 2.5 billion

US Dollars.

The 120 million US dollar drop in exchange reserves during the first two months of the current fiscal year is explained by stagnation in exports, home remittances and growing import bill. Debt liabilities are believed to be having their own impact on the balance of payments position.

The current reserves are much below the official target of one billion US Dollars for last year. Official sources can only draw comfort from the fact that the current 700 million dollar reserves are about twice the rock bottom level reached a couple of years ago.

One of the principal cause is lack of any growth in exports owing to the low prices and difficult international market conditions for raw cotton. The government's delayed action in adjustment of the domestic prices of raw cotton is also responsible for lack of desired growth in cotton textiles.

/9274

CSO: 4600/15



## PLANS TO EXTEND RADAR COVERAGE DISCUSSED

Islamabad THE MUSLIM in English 21 Sep 86 p 6

[Text]

KARACHI, Sept. 20: A visiting two-member Swedish delegation on Saturday discussed the current status of a five-year Rs. 1.3 billion programme to extend radar coverage for aircraft throughout Pakistani air space which is midway in implementation, with Air Marshal Khurshid Anwar Mirza, Director General of Civil Aviation Authority.

The aeronautical communication and control project launched by the CAA in 1984, aims at installing radars, extended range V.H.F. stations and a computerised automated message switch system by 1988 enabling full radar coverage of all Pakistani air space alongwith speedy communication facilities for Air Traffic Controllers.

On completion, the project will modernise the air traffic control and navigation systems for commercial aircraft, bringing them to a comparable level with those currently in use in Western Europe and North America, according to CAA sources.

The Swedish Government is assisting Pakistan in the implementation of this project through its commission for technical and economic assistance (B.I.T.'s), which in turn has made consultancy services available through "Swed Avia", a subsidiary of the Swedish Board of Civil Aviation.

Swed Avia has prepared the master plan and design for the entire project, alongwith specifications

of system components, and is also assisting the CAA in negotiations with suppliers of equipment, selection of the items needed in implementation of the programme.

The project involves installation of nine radars at various locations in the country providing full coverage to all Pakistani air space and construction of ten remote control extended range V.H.F. stations (with two controlling station at Karachi and Lahore) and an automated message switching system.

In the first phase of the project two radars have already been purchased for installation at Karachi airport, and are to be installed by next month.

The two radars include a 100 mile range primary radar and a 200 mile secondary one.

Installation of the extended range V.H.F. net of stations and the automated message switching system is scheduled for completion in August next year.

The French Government has extended 440 million Francs Government-to-Government credit for this project, and some of the equipment being purchased for it comes from France.

The foreign exchange component for the Rs. 1.3 billion project is put at the equivalent of around Rs. 900 million by CAA sources. — APP.

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## KALABAGH DAM TO BE REDESIGNED TO CUT COSTS

Islamabad THE MUSLIM in English 19 Sep 86 p 8

[Text] ISLAMABAD, Sept. 18: The Minister for Water and Power, Lt. Gen (Retd.) Jamal Said Mian informed the National Assembly Thursday that the redesigning of the Kalabagh Dam would reduce its cost by Rs. 100 million.

However, the power generating capacity would be the same as 302 mega watt, he added.

He was replying to a number of supplementaries posed by Syed Abida Hussain, Ghulam uddin Marwat, Dr. Sher Afgan, Maulana Gohar Rehman and Lt Gen. (Retired) Malik Abdul Majid during the question hour. With the redesigning of the dam, the Minister said that protective dykes - would not be required for Nowshera as the water would go a little beyond Jehangira.

To another question, the Minister told the house that the redesigning of the dam would accommodate the objections mostly raised from NWFP province and some from the Sind province. The final decision would be taken by the high-powered committee on the dam which is also represented by the Chief Ministers of the four provinces.

Lt. Gen. (Retired.) Jamal Said Mian further explained that several designs were prepared for the dam again and one was selected which would cater to the requirements of NWFP and Sind province. He assured the house that no arbitrary decision would be taken in this regard.

The capacity of useable water of the Kalabagh Dam, the Minister said would be reduced by 1.5 million acre feet. In response to a question, he said that the senti-

ments of the concerned provinces could not be ignored while constructing the dam.

In his written answer, the Minister told the house that certain modifications in design and operation feature of Kalabagh Dam project were under consideration. These include the lowering of reservoir retention level from 925 to 915 feet and the sediment sluicing from 825 to 815 feet.

Regarding the changes in the operational mode, flood storage space, he said, would be provided at Tarbela Dam to absorb floods in order to attenuate flood peaks at Attock. Such flood storage space at Tarbela will be nil during first year of Kalabagh operation and will be gradually increased to 1.0 MAF II after 50 years of Kalabagh operation.

The refinements of design conforming to the modified project are in progress. No construction work on main project has been undertaken, he added. The reasons for contemplating changes are to minimise adverse environmental effects and to ensure that the flood elevation of 951 feet experienced during 1929 record flood at Nowshera does not exceed in case of its recurrence after construction of Kalabagh Dam project.

INDUSTRIES: The Minister of State for Industries, Haji Younas Elahi Sehi told the house that 382 permission letters were issued for setting up new industries during January, 1985 to May, 1986 by PICIC, IDBP, BEL and IPB.

The Minister further said that 51 industrial units were given consent to issue fresh capital

of Rs. 1810 million during the period. Of this, Rs. 110 million were in the shape of foreign investment and remaining Rs. 1700 million local share capital, he added.

The Minister told a questioner that no orders were served to the ghee industrial units to produce below their capacity. About 24 ghee industrial units were functioning properly in the public sector while, in the private sector, the units were producing more than the capacity.

The total installed capacity of vegetable ghee and cooking oil industries both in the public and private sectors, the Minister said, is 889,400 metric tonnes. The present requirement of vegetable ghee cooking oil is estimated at 850,555 M/tons in the country.

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